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THE WEATHER — PARIS: Thursday, scattered rains. Temp., 54°. LONDON: Thursday, rain. Temp., 44° (28°). CHAMBERLAIN: Sunday, rain. Temp., 44° (28°). MONTREAL: Saturday, rain. Temp., 44° (28°). NEW YORK: Thursday, rain. Temp., 44° (28°-41). NEW YORK: Thursday, rain. Temp., 44° (28°-41). ADDITIONAL WEATHER DATA — PAGE 12

No. 30,780

Haig Vows Full U.S. Support of El Salvador

By Bernard Gwertzman
New York Times Service

WASHINGTON — Secretary of State Alexander M. Haig Jr. said Tuesday that in cooperation with its friends and allies in Latin America, the United States would do "whatever is necessary" to prevent the overthrow of the El Salvador government by guerrillas who he said were backed by Cuba and Nicaragua.

Under questioning by the Senate Foreign Relations Committee, Mr. Haig refused again to say whether the administration was contemplating the use of its own military force to aid the government of President José Napoleón Duarte.

Since the Reagan administration became concerned over the El Salvador issue a year ago, Mr. Haig has, in the absence of any firm decision, consistently left open the possibility of some form of U.S. military action in the region. Officials have said this was deliberate and intended to keep the Soviet Union, and Cuba and Nicaragua on their toes.

"I am not about to lay out a litany of actions that may or may not take place," he said in answer to Sen. Christopher J. Dodd, Democrat of Connecticut, a critic of administration policy. "We are considering a whole range of options — political, economic and security — in response to Cuban intervention in this hemisphere."

After a reporter asked him whether the introduction of U.S. combat troops was one of the possibilities, Mr. Haig, taking note of President Reagan's having earlier ruled out such a development, said, "I think the president has made it very clear that he has very strong reservations about such a step except in extreme, but as a general response to your question, we have not ruled out anything and we're not going to, a priori, in a very dynamic, on-going situation."

The Salvador situation has again begun to attract attention, now that the administration has decided that the human rights situation there does not warrant suspending aid and, in fact, said that it intends to increase military and economic assistance to the Duarte government.

In a hearing by the House Foreign Affairs Subcommittee on Latin American Affairs Tuesday, Thomas O. Enders, the assistant secretary of state for Inter-American affairs, defended under hostile questioning the administration's decision to certify El Salvador as still eligible for aid despite what he called a "troubled" human rights situation there.

Summing up the administration's concerns about a Communist-backed takeover in El Salvador, Mr. Enders said, "There is no mistaking that the decisive battle for Central America is under way in El Salvador."

"If after Nicaragua, El Salvador is captured by a violent minority, who in Central America would not live in fear?" Mr. Enders asked. "How long would it be before major strategic United States interests — the Panama Canal, sea lanes, oil supplies — were at risk?"

Hard Position

Under questioning from the chairman of the Foreign Relations Committee, Charles H. Percy Jr., Republican of Illinois, Mr. Haig defended the administration's decision to pay U.S. banks \$71.3 million that were owed by Poland for agricultural imports without declaring the Warsaw government in default.

Asserting that Mr. Reagan had personally approved the move, Mr. Haig said this was the "hard position, the more rigid position," rather than one that would "obviously" be taken.

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Schmidt Asks First Confidence Vote In Decade for Coalition Jobs Plan

By John Vinocur
New York Times Service

BONN — Chancellor Helmut Schmidt, who has threatened to resign if he fails to receive support for a new program of employment stimulation, called on parliament Wednesday for a vote of confidence the first in West Germany since 1972.

The chancellor announced that he would tie the future of his government to the vote on Friday as he made public a \$5.3-billion plan aimed at developing investment and jobs over the next four years.

"My purpose," he said, "is wanting above all to make it clear outside the parties and parliament that this government is based on a safe majority."

Members of Mr. Schmidt's Social Democratic parliamentary group, including the party whip, Herbert Wehner, said they had no

doubt that Mr. Schmidt would win the vote. But the chancellor's action contained the risk that abstentions or absences among left-wing members of his party — and among dissatisfied parliamentarians of the coalition's junior partner, the Free Democrats — would leave a narrow margin of victory and deep embarrassment.

Absolute Majority Needed

For the motion of confidence to carry, Mr. Schmidt must receive 249 votes, or an absolute majority of the members of the Bundestag, the lower house of parliament. The coalition has 269 seats in the Bundestag, 216 of them occupied by Social Democrats and 53 by Free Democrats.

If Mr. Schmidt were to fail to win a majority, he could ask the federal president to dissolve parliament within 21 days. The body could, however, elect a new chan-

cellor by a majority vote in the interim.

Although the vote relates to the package of economic stimulants, Mr. Schmidt's purpose seems to be aimed at winning a broad statement of support at a time when he has been attacked from the left. The criticisms have been aimed not only at the government's seeming inability to improve the economic situation, but also at issues relating to security matters, in particular the chancellor's support of NATO's decision to deploy intermediate-range nuclear missiles in West Germany at the end of 1983.

Mr. Schmidt threatened to resign last May if his party did not give full support to the NATO program. Last week, during a series of tough negotiations with the Free Democrats on the economic package, Mr. Wehner disclosed that the

(Continued on Page 2, Col. 7)

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Guerrillas halted a bus for a search at the entrance to Usulután during the attack on the Salvadoran provincial city.

Salvador Rebels Attack Government Garrison

By Christopher Dickey
Washington Post Service

SAN SALVADOR — A large force of leftist guerrillas attacked the Salvadoran government's garrison at the major provincial capital of Usulután and sustained the assault for eight hours before pulling back, witnesses said.

The attack Tuesday was the guerrillas' first such daylight assault on a city the size of Usulután, which has about 25,000 inhabitants and is the country's fourth largest city.

The attack, as well as assaults on several smaller towns to the northeast, began Monday and apparently constituted the significant ini-

tiative of Central America's recession rivals political violence as the biggest threat to stability. Page 5.

Increase in activity promised recently by the insurgents. The attacks may also be intended to test the response capability of the Salvadoran Army since five of its vital 14 U.S.-supplied helicopters, as well as at least 10 other transport aircraft, were damaged in a guerrilla raid last week.

In Washington on Monday, the Reagan administration announced that it is sending \$35 million in emergency military aid to El Salvador. Assistant Secretary of State Thomas O. Enders told congressmen that to withhold aid now would mean "probable victory" by the guerrillas.

There was no immediate military comment on the Usulután fighting nor an estimate of casualties. Persons who traveled there, about 75 miles (120 kilometers) to the southeast of San Salvador, reported seeing one dead policeman and three wounded soldiers.

The number of guerrilla attackers was not known, although the intensity of the assault, made with automatic rifles and rocket-propelled grenades, indicated a force of substantial size.

Following the Jan. 27 raid on the helicopters, only three of the craft are believed to be operational. None was seen in the area of Usulután, the witnesses said. Late Tuesday afternoon, at least one UH-1H helicopter was observed landing in the capital at the field frequently used to receive wounded soldiers.

On Monday night, the guerrillas fought to overthrow the U.S.-



Salvadoran squad leader signaling his troops toward suspected guerrilla positions during the insurgents' attack on Usulután.

Reagan Is Reported to Increase Military Spending Plan

By Richard Halloran
New York Times Service

WASHINGTON — Secretary of Defense Caspar W. Weinberger on Tuesday also said the administration planned for actual military spending in the fiscal year starting next October to total about \$216 billion, which was expected.

The officials, who declined to be identified, said the increase in military appropriations to be requested

next week came from a more realistic assessment of inflation.

They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

U.S. weighed the risks, is said to pull punch on Poland debt. Page 2.

And a director of the Polish national airline LOT, Bronislaw Klimaszewski, who was at the center of a controversy over worker self-management last July, lost his post, airline officials confirmed Wednesday.

An official of the airline, who

asked not be identified, said that Mr. Klimaszewski was no longer a director. He refused to elaborate.

Sources said Mr. Klimaszewski

had been removed from his post as a director two weeks ago.

The government, in the daily Rzeczpospolita, said of last week's Gdansk riots: "The same forces which have been trying to take over universities are now unscrupulously and brazenly trying to use young people to attain much broader political objectives, such as... a change in the political system in Poland."

Government spokesman Jerzy Urban told a news conference that an estimated 3,000 young people were involved in the riots and that police in Gdansk used tear gas and water cannon to disperse them.

PAP said the 760 officials ousted from office included six provincial governors, 14 deputy governors and 160 mayors or commune heads.

A process of "verification" was started after imposition of martial law to determine loyalty to the Communist Party and state. PAP gave no reason for the ousters, but in many cases governors have been replaced by military officers.

The PAP article also said the martial law council, Communist Party and government officials are reviewing a revision of governmental employment policy along army lines. It did not elaborate.

Meanwhile, Poland's Roman Catholic priests prayed at services across the nation for restoration of civil rights suspended by the imposition of martial law. The clergy also prayed for those who "help and deliver aid" to Poland at Canadas services Tuesday commemorating the purification of the Virgin Mary.

Reports reached Warsaw of passive protest in southwest Poland last Friday against the increases in food prices that had gone into effect.

Informed sources said workers in three factories in Wroclaw, Poland's fourth largest city, either pretended to work and did not, or stopped work. Seventy percent of the workers at a gas works were reported to have taken part in such a protest, and 20 percent reportedly did so at a factory.

The sources also reported that two Wroclaw women were arrested for observing a minute of silence against martial law, and that some workers had thrown protest leaflets from a rooftop.

Increases of up to 400 percent in the prices of staple foods took effect, but there have been no reports of trouble.

(Some sectors of Polish industry



West German Chancellor Helmut Schmidt, right, with Foreign Minister Hans-Dietrich Genscher, discussed a government plan to combat unemployment at a news conference Wednesday.

Brezhnev Calls for Cuts In Medium-Range Arms

By John F. Burns
New York Times Service

MOSCOW — President Leonid I. Brezhnev, calling for "denunciations" and not "linkages" in Soviet-American relations proposed Wednesday that the two sides agree at negotiations in Geneva to a reduction by 1990 of at least two-thirds in their arsenals of medium-range nuclear weapons.

The proposal, the most radical of several Mr. Brezhnev has made of medium-range arms, was an elaboration of one put forward in a November visit to West Germany.

His offer on that occasion to cut the Soviet arsenal by "hundreds of units" if the United States would do the same was rejected in Washington on the ground that equal cuts would leave the Soviet Union with a massive preponderance in the medium-range category.

Mr. Brezhnev couched his latest proposal with one of his harshest attacks on the Reagan administration. He said the United States was avoiding serious negotiations on medium-range weapons in Geneva and using "various farcical pretexts" to put off the resumption of strategic arms talks.

Mr. Brezhnev, speaking at a Kremlin reception for a group from the Socialist International, spoke of "the dangerous consequences the present policy of the NATO bloc, above all that of the U.S.A., its main force, may have for the cause of world peace."

He added: "Never before, since the end of World War II, has the situation been so serious."

The proposal for a two-thirds cut in medium-range weapons apparently had already been put before U.S. negotiators in Geneva, where Soviet-American talks on medium-range weapons opened two months ago.

In making it public, Mr. Brezhnev appeared to be making a fresh bid to sway public opinion in Western Europe, where there has been strong opposition to a plan by the Western alliance to deploy a new generation of U.S.-medium-range missiles beginning next year. The U.S. and its NATO allies have argued that the new missiles are needed to offset Soviet deployment of a new missile of its own.

In addition, Mr. Brezhnev appeared to be responding to the position taken by Secretary of State Alexander M. Haig Jr. when he met in Geneva last week with Foreign Minister Andrei A. Gromyko.

In line with the administration's belief in "linkage," a policy that keeps progress in negotiations in one area to Soviet behavior in others, Mr. Haig retreated from a

deployment at the end of 1983. The Soviet Union is believed to have deployed more than 200 SS-20s.

West Germany is a prime target of Soviet attempts to block the deployment, and major segments of the Social Democratic Party have recommended that NATO accept the Soviet moratorium proposals. For some parts of West Germany public opinion, a halt in Soviet deployment of SS-20s would be interpreted as a signal of its "good will," which was the analysis made by Mr. Schreiner.

When he asked Mr. Zagladin how long the deployment halt would continue, Mr. Schreiner said, the official replied: "We can't say how long. For an unspecified time."

"He was very vague," the parliamentarian recalled. "He said it will be dependent on NATO's steps."

Answering a reporter's question, Mr. Schreiner said he had not considered asking Mr. Zagladin if the deployment program for the SS-20s had reached an end or whether the purely technical fact of having no more missiles to bring into service was perhaps being offered as a political gesture.

Mr. Schreiner was accompanied to Moscow by Willy Pieczyk, chairman of the young Socialist group, which organized a demonstration against U.S. Secretary of State Alexander M. Haig Jr. during a visit to West Berlin in September. The parliamentarian said Mr. Zagladin and Valentin M. Felin, first deputy chief of the Central Committee's international information department, told them the United States had shown no serious desire to achieve results in the Geneva talks.

President Reagan, the president plans to send the entire federal budget to Congress next Monday.

Tough opposition is expected when the military budget proposal is debated in Congress. The \$260-billion figure represents a jump from the \$200 billion appropriated for the current fiscal year and comes when the Reagan administration

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INSIDE

Saturn's Moons

In Pasadena, scientists at the announced the discovery of at least four — and perhaps six — new moons around the planet Saturn. Page 3.

Policy Leaks

The Reagan administration has retreated from its short-lived effort to police contacts between officials and reporters but has instituted a system designed to make it easier to identify officials who leak information to reporters. Page 3.

Opium Village

In northern Thailand, the remote village headquarters of alleged opium warlord Chang Chee-fu had every comfort that the impoverished hamlets nearby did not — including 15 tons of ammunition. Then almost 1,000 Thai border patrol police attacked. Page 2.

U.S., Weighing Risks to Alliance, Said to Pull Punch on Poland Debt

By Leslie H. Gelb
New York Times Service

WASHINGTON — The Reagan administration at times seems to be at war with its own self-image of toughness in foreign affairs. One result is that officials sometimes have to defend decisions that do not measure up to their strong statements.

The most recent case is the administration's decision to pay U.S. banks \$71 million they are owed by Poland and sidestep declaring Poland in default.

As a symbol of toughness, officials say, there was nothing more they would like to have done than to have declared Poland in default. But from a practical standpoint, they say, there were too many risks and uncertainties for the Western alliance and economic system.

The administration has decided that a formal declaration of default would be self-defeating. Administration officials say that their rationale was that the Western banking system might be hurt as much or even more than Poland by taking such an action. Poland might be driven further into Soviet hands. Western Europe would be up in arms. Better for now is the U.S. taxpayer to pick up the tab than engage in gestures. Better for now to risk the wrath of some conservatives in America.

Closing Ranks

Now that the decision has been disclosed publicly, administration officials have closed ranks and they describe it as tough and realistic. But they are also saying that the story is far from over.

Secretary of State Alexander M. Haig Jr. told a Senate committee Tuesday that President Reagan's decision was the "hard position the more rigid position."

"The facts are that the action he took will require the Soviet Union to make the money good," Mr. Haig said. "Had we called default,

they would have been relieved of that burden."

Before the issue came to the point of decision, default had been seen as a touchstone of toughness, and key administration officials, above all, had not wanted to appear weak to Moscow and conservatives at home. As a high adminis-

tration official put it, "We keep giving signals about being willing to go to the brink and then backing away."

But last week, when they were faced with a specific problem, representatives of every department involved except the Pentagon were most impressed with practicalities and not symbolic gestures. And they said they quickly decided that the practical steps were the tough ones as well.

Unable to Pay

Mr. Reagan's advisers all agreed that Poland could not pay its debts. If default were declared, officials said, Poland would not have to pay. If the debts were assumed by the United States, specifically the Agriculture Department, there might be some chance of getting some money from Poland in the future, although no one was very hopeful about this.

The participants all were said to have quickly agreed that the key question was how a default declaration would affect the international monetary system. They said they consulted West European leaders and bankers in the United States and Europe. All were said to have strongly opposed the default declaration. They were said to fear that it would trigger other default declarations against Poland, particularly in West Germany, which has a much larger stake than U.S. banks. If this happened, no one was sure where it might end.

The participants said they were not necessarily convinced that all this would transpire, but they recognized that the situation was tricky and full of imponderables, and they were under a great deal of pressure from the banking community and the allies to refrain from declaring a default.

The officials were also said to have recognized that if they were to recommend sidestepping the default procedure they would have to act quickly before counterpressures for a default might build in the United States.

Rallies for Poland

Rallies were being held around the country that week to show support for Solidarity, the Polish labor movement, and many prominent speakers were advocating declaring default. Thus, the Reagan advisers decided that the Agriculture Department would adopt an emergency regulation that would allow for paying the banks without declaring default. As permitted, this was done without public notification.

To the extent they had any hold over Poland, the advisers were said to have agreed that it stemmed from the general credit squeeze that they had already set in motion. The United States and its NATO allies have already called off negotiations with Poland on rescheduling its 1982 debt.

This they agreed, was already drying up the flow of credit and in a way was allowing the banking system to adjust slowly. And to the extent that the United States had any real economic leverage over Poland, they said they thought that this was the way to manage it.

Also, the officials taking part in the deliberations were said to have agreed that the crisis was a continuing one. More would have to be done later, it was argued, and the president needed something, such as holding default in reserve for the next time.

Such a solution must be "based on mutual recognition and acceptance," he said.

At a White House arrival ceremony, held indoors on a rainy day, Mr. Mubarak told the U.S. president, "The Palestinians need your help and your understanding." He added that they "have an inherent right to exist and function as a na-

tionally free from domination and fear."

"The exercise of the right to self-determination cannot be denied to them. In fact, it is the best guarantee for Israel's security. This is a lesson of history and the course of the future," he said.

While both leaders reaffirmed the good relations between the two countries, Mr. Mubarak came right to the point he wished to make, declaring that the "key to peace" is to settle the problem of self-determination for the 1.3 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

Mr. Mubarak, who arrived

for a four-day official visit, met later with Secretary of State Alexander M. Haig Jr. The Egyptian leader was to be honored at a formal White House dinner Wednesday. He is also scheduled to meet with Defense Secretary Caspar W. Weinberger and Treasury Secretary Donald T. Regan.

At the arrival ceremony, Mr.

Reagan, referring to the two countries' relations since the assassination of Egyptian President Anwar Sadat last October, told Mr. Mubarak his visit demonstrates that the good relations between the United States and Egypt are "more than a compact between individuals; it's a commitment between nations."



President and Mrs. Reagan greeted President Hosni Mubarak and his wife Wednesday at the White House. It was Mr. Mubarak's first visit to Washington since Sadat's assassination last fall.

Solution for Palestinians Is the Key To Peace, Mubarak Tells Reagan

International Herald Tribune

WASHINGTON — President Reagan and Egyptian President Hosni Mubarak met for 90 minutes Wednesday morning after mutual pledges to intensify efforts to win a lasting Middle East peace.

Both leaders reaffirmed the good relations between the two countries, Mr. Mubarak came right to the point he wished to make, declaring that the "key to peace" is to settle the problem of self-determination for the 1.3 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

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France, Algeria Sign Gas Accord

From Agency Dispatches

PARIS — France and Algeria signed a major natural-gas deal under which Algeria will provide 25 percent of French gas supplies and 5 percent of total French energy needs by 1990. Claude Cheysson, minister for external affairs, said Wednesday.

Mr. Cheysson told reporters the two countries agreed on a price for eventual delivery of 9.1 billion cubic meters (321 billion cubic feet) a year of Algerian natural gas, up from the 4 billion cubic meters France currently buys each year from Algeria. The agreement seals two years of hard bargaining that strained relations between France and its former North African territory.

Last month, the French signed with Moscow for a slightly smaller volume, 8 billion cubic meters a year for 25 years, to be delivered starting in 1984 if the new pipeline from Siberia is completed by then. This would double the current rate of French imports of Soviet natural gas.

The French did not reveal how much they would pay either the Soviet Union or Algeria for the gas. West Germany has agreed to pay \$2.20 per million British thermal units for Soviet gas.

The Middle East Economic Survey, a Cyprus-based oil newsletter, said Monday it was believed that Gaz de France would pay Algeria a base price of around \$4.65 per million Btu, against an Algerian demand last year for \$6.11. But the newsletter said France would pay a total price of about \$3.20, the balance to be made up in grants by the French government to help by the budget to change."

The speaker of the House, Thomas P. O'Neill, a Massachusetts Democrat, predicted that the House would cut the military budget for next year as it did this year. "We'll whittle it down a lot," Rep. O'Neill told reporters. "I only hope the Senate sees the budget to change."

Congressional officials said Sen. John G. Tower, the chairman of the Senate Armed Services Committee, planned to put the

balance in grants.

The budget office, being in the

White House and politically attuned, has traditionally insisted on keeping the inflation factor down.

Several congressional officials said that some members of the Armed Services Committee, including Sen. Tower, were annoyed at the closed session because the start of the military budget season ordinarily gives them a forum to emphasize points they want to make publicly.

The nearly \$260 billion in military appropriations being planned represented something of a Pentagon victory over the Office of Management and Budget, officials suggested. Budget planners in the Pentagon have long argued that higher and more realistic projections of inflation should be factored into the military budget to avoid requesting additional funds or cutting programs when inflation outruns predictions.

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Reagan Softens Curbs on Press Access to Aides, But Takes Steps to Identify Leakers of Secrets

By Lee Lescaze
Washington Post Service

WASHINGTON — The Reagan administration has retreated from its effort to police contacts between officials and reporters, but has instituted a new system designed to make it easier to identify

ASEAN to Study Joint Parliament

The Associated Press

KUALA LUMPUR — Parliamentarians from the five member states of the Association of Southeast Asian Nations countries are considering the establishment of an ASEAN parliament.

At a meeting of the interparliamentary organization here Wednesday, parliamentarians from Thailand, Indonesia, the Philippines, Singapore and Malaysia appointed a special five-member study group to look into details of the plan.

Syed Nasir Ismail, president of the group and speaker of the Malaysian parliament, said the group was to meet in March and report its findings at another meeting in Manila in June.

Conservatives Complain Heatedly to Reagan

By Howell Raines
New York Times Service

WASHINGTON — For the 13 months since President Reagan took office, tensions have been building between his administration and the conservative activists who, as they see it, were with him in the wilderness.

On Monday the frustrations and feelings of betrayal of conservatives boiled over into exchanges at an unannounced White House meeting between Mr. Reagan and six representatives of right-leaving groups.

Several times the president brushed aside reminders by his four top aides that he had other appointments. For an hour and 20 minutes, he listened as some hardliners spoke of their dismay that, among other things, top White House and State Department jobs had gone to moderates instead of true Reagansites.

The feuding was sharpest, according to the accounts of witnesses, when Edwin Meese 3d, counselor to the president, challenged the group to "name one Reagansite who doesn't have a job."

"Are you kidding?" replied John Lofton, editor of Conservative Digest. He contended that at that very moment the White House was

officials who leak national security information to the news media.

A directive signed by President Reagan orders that all officials who read classified documents prepared by or intended primarily for the National Security Council must sign an attached cover sheet. If such information were to leak, investigators presumably would target their search for the leaker on people whose signatures appeared on the sheet.

By signing the cover sheet, an official acknowledges that he understands the laws governing classified information and promises to cooperate with any "lawful investigation by the United States government" of any unauthorized disclosure.

David R. Gergen, the White House communications director, said the procedure is designed to restrict access to national security information to a minimum of people.

The directive, announced on Tuesday, is the result of a review by William P. Clark, the White House national security affairs adviser. It began early last month, after Mr. Reagan complained at a Cabinet meeting about leaks of memorandums and policy decisions.

It reflects some second thoughts by Mr. Clark, who issued a more sweeping directive on Jan. 12. That order required advance approval by "a senior official" of all contacts between reporters and officials "which classified National Security Council matters or classified intelligence information are discussed."

That provision prompted criticism from reporters and some government officials, who said it would chill a wide range of useful contacts.

Mr. Clark met Monday with four reporters, at his request, to discuss a draft directive that still contained the prior-approval condition and a requirement that officials write a memorandum to the agency reporting on the official reporting on the contact with the reporter.

Requirements Dropped

Mr. Clark decided overnight to drop those requirements. One official said Mr. Reagan had indicated that he did not want to get into "an us guys versus you guys" situation.

Mr. Gergen said the entire review of the situation and the differing directives have "sent a message through the ranks that the president regards disclosure of Na-

tional Security Council information as a serious matter."

Although the directive applies only to NSC material, the administration expects the CIA and other agencies and departments to draft new procedures for handling sensitive information.

The administration's concern about security centered on two leaks. The first led to reports that crates containing Soviet aircraft had been spotted in Cuba. This could be a violation of a 1962 U.S.-Soviet agreement that prohibits the introduction of offensive weapons into Cuba. The second led to publication of details of fighter planes to sell Taiwan.

Attorney General William French Smith has been asked to form an interagency group by March 1 to look into the effectiveness of the laws prohibiting unauthorized disclosure of classified information. Mr. Gergen said the group also will study the penalties for such disclosure, but that no new penalties are envisioned.

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SHUTTLE MOVED — The space shuttle Columbia is transferred to the Vehicle Assembly Building at the Kennedy Space Center Wednesday before next liftoff March 22.

S. Africa Study Urges Updating Security Laws

Reuters

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability for secret actions and a tighter definition of offense.

New Ministry Proposed

The commission also suggested greater access to persons detained without charge, including visits by a doctor and by a magistrate at least every two weeks.

Political analysts described the 250-page report of the Rabie commission as balanced, aimed more at modernizing security laws than liberalizing them. The report, presented in Parliament Wednesday, was the second this week to recommend greater internal review of security police actions.

Commission Set Up in 1959

On Monday, the Steyn commission report on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetzee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

The Canadian recession, which several premiers described as the worst in 30 years, has resulted in an unemployment rate of 8.6 percent, just slightly under that in the United States. The 1981 inflation rate of 12.5 percent and the latest commercial bank prime rate of 16.5 percent were higher than those in the United States.

Premier Allan Blakeney of Saskatchewan described Canada's high interest rates as "perverse, unfair to the point of being immoral."

Mr. Trudeau and the premiers made their statements in the opening session Tuesday of a conference in Ottawa on the national economy. After the session, which was televised nationally, the prime minister and the premiers began a series of private meetings that are expected to continue this week.

Oil Price Increases

In his explanation of the problem, Mr. Trudeau said that the United States, after the shock of new worldwide oil price increases two years ago, "embarked on a deliberate policy of tight money, forcing interest rates to levels which previously had been unknown in history except for periods of war."

Within the United States, he said, "the economy has slowed to a crawl, and with that decline has gone a good part of a major market for what we in Canada produce. The effect in all this has been substantial in every country, but we next door have felt it more than most...."

"To ensure continuing investment in Canada, to give reasonable protection to our dollar," he said, "...the government in Canada has had little choice but to let our interest rates keep pace with those in the United States."

On top of this, he said, Canada had home-grown problems of its own and "the policy of restraint is based on our firm belief that printing more and more money ... would unacceptable risk our chances of reducing inflation and lowering interest rates in the long run."

No Defenders

But this economic philosophy fell under attack quickly because of the unemployment, bankruptcies and mortgage foreclosures caused by the high interest rates. Mr. Trudeau had no defenders.

Noting that Canada had experimented with a high interest rate, tight money policy for six years, Premier Blakeney, a member of the leftist New Democratic Party, said: "Let's admit it: That experiment failed. Failed, because from the start it was never an economic policy designed for Canada. It was an imported policy directed from the textbooks of [American economist] Milton Friedman."

The findings, announced Tuesday, brought the number of known moons around Saturn to 21 or 23, more than twice as many as were known before U.S. space probes started flying past the ringed planet several years ago.

Committee members, most of whom attended the three-hour hearing, addressed a wide range of questions to Mr. Casey covering most aspects of the Wilson-Terrell affair.

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At Least 4 New Saturn Moons Found As Voyager Photos Are Re-examined

By George Alexander
Los Angeles Times Service

PASADENA, Calif. — Scientists at the Jet Propulsion Laboratory announced this week the discovery of at least four, and perhaps as many as six, new moons around the planet Saturn.

The findings, announced Tuesday, brought the number of known moons around Saturn to 21 or 23, more than twice as many as were known before U.S. space probes started flying past the ringed planet several years ago.

The additional moons should "help us piece together the history of [Saturn's] light rings," said Mr. Terrell, who added that they lend support to the "collisional theory" he and another scientist had been advancing to explain the origin of the rings.

Mr. Terrell and Mr. Shoemaker last year suggested that the split rings encircling Saturn may be the result of partly rocky, partly icy moons that were shattered by collisions with comets or asteroids.

"We're seeing a greater range of fragment sizes [in and around the planet] than we expected," Mr. Terrell said, "which is what you would expect to see if these were once larger objects that have been broken up."

The four confirmed new moons, according to Mr. Synott, are:

• One in or near the orbit of Mimas, the innermost Saturnian major moon, at approximately 116,000 miles (186,000 kilometers) out from the planet.

• One fragment in the orbit of Tethys, another major moon, at a distance of 183,000 miles. Tethys is already known to have two tiny companions so this newly found object could become the third moon.

Published with The New York Times and The Washington Post

Page 4 Thursday, February 4, 1982

Japan's Domestic Market

Japan's minister of international trade, Shintaro Abe, listened with apparent sympathy in Florida last month to the complaints of his American and European counterparts. Yes, he agreed, Japan's enormous trade surplus with the West during this recession is a serious strain on the alliance. And yes, Japan could do more to welcome imports.

Many legal changes have now been made. For example, importers will no longer have to switch the cords on electrical appliances to meet Japanese safety codes. It would be foolish to pretend, however, that Japan's large trade surplus will thus be significantly cut. To reduce the risk of protectionist retaliation, Japan has to be persuaded to expand less of its phenomenal energy on satisfying foreign consumers and more on improving living standards for its own people.

Japanese officials have been conciliatory in public, but in private they are bitter. Their export success, they argue, testifies to their skill in identifying consumer desires, maintaining high savings and labor productivity and adjusting to energy shocks. If the West had done half as well, there would be no recession and no yearning to restrict competition in autos, steel and consumer electronics.

They are right. But finger-pointing won't alter political and economic realities. Europe and America need breathing room to restructure their economic systems. That should not

mean "voluntary" export restraints like the auto agreement extorted from the Japanese by the Reagan administration last year. It should mean a continuing effort to open the Japanese market to foreign products. And that, above all, requires important changes in the way the Japanese economy operates, keying growth to domestic rather than foreign consumer demand.

Last year Japan's economy grew by 4 percent, but two-thirds of the added output was sold abroad. That has been the Japanese way: Spend little, save much. But the tradition has left Japan with a surprisingly low living standard, notably in housing. If the Japanese were to cut taxes or raise social spending, they could begin to enjoy the fruits of their success, and the stimulus to their domestic economy would ease the adjustment pains for their foreign competitors.

There are good political reasons why Japan resists such changes. Its import barriers assure the survival of weaker industries. Exports are favored because it is dependent on imported energy and basic foodstuffs. Social spending has been curtailed because the electorate has a mortal, if irrational, fear of government budget deficits. But all countries have reasons to resist change. Unless Japan becomes as flexible politically as it is economically, the whole world will be poorer.

THE NEW YORK TIMES.

Where Is the Economy?

"Watch out for the pea and the shells," said a voice inside the Reagan administration. Just so. The shells in the State of the Union Message — a complicated and wrongheaded swap of state and federal social programs — were meant to distract. The hidden pea was the true state of the economy.

Mr. Reagan had no new ideas for dealing with its immediate problems. His confidence notwithstanding, they are no nearer solution than on the day he was sworn in.

In his first year, President Reagan offered sweeping measures: a curb on non-defense spending; tax reductions for corporations and affluent individuals; a tight hold on the money supply. All this, he predicted, would stimulate productivity and buoyant growth with stable prices. He wanted nothing to detract from the drive for economic recovery, without which there would be no sensible social reform or convincing military strength.

The president got most of what he asked for, and in some cases more. The results, however, have been far from reassuring. Partly due to good luck on energy and food supplies, inflation has been cooled. But monetary restraint has devastated the housing, auto, farm machinery and lumber industries. Overall, the economy is in deep recession, with unemployment pushing 9 percent and no relief in sight. Most ominous, neither lenders nor corporate borrowers see a brighter future. The giant deficits forecast for the recovery years of 1983 and 1984 — a result of those big tax cuts — have scared the markets into coma. Despite the recession, interest rates on long-term corporate bonds, which register expectations about inflation, hover above 15 percent.

Reaganomics looks more and more like a bet on the familiar Republican remedy of a

sound buck and trickle-down prosperity. Yet Mr. Reagan pursues it with an inexplicable indifference to deficits.

There are alternatives, much safer bets:

A tax correction: Balancing the budget in the middle of the recession would be self-defeating. But there are strong reasons — to raise the taxes to be collected in the recovery years of 1983 and 1984. That would reduce the risk of resurgent inflation. Just as important, it might make Wall Street courageous and let corporations begin to raise capital, and productivity, at affordable costs. Democrats argue for a stretch-out of the scheduled tax cuts. Many Republicans lean toward modest increases in excise taxes. Better than either of these would be a tax on imported oil and domestic natural gas, to reduce future energy shocks.

A defense stretch-out: The budget ax has not yet touched inviting civilian targets — water projects, veterans' pension excesses, Social Security benefits for the affluent. But the resistance is fierce. The surer way to hold down spending in 1983 would be to stretch out the military buildup, or drop questionable projects like the B-1 bomber altogether.

A wage policy: The recession is wringing out inflation by driving down production costs, two-thirds of which tend to be wages. But the collapse of the industrial Midwest proves what an incredibly wasteful wage-reduction program that is. The same results might be achieved less painfully by government tax breaks for workers who settle for less, and penalties for companies that accept inflationary contracts. Unions have never been interested. But they have not been in such a pickle since the Depression. They just may be ready for something new.

THE NEW YORK TIMES.

Funding American Science

As the annual struggle over the federal budget gets under way, it is worth pondering what will happen to money for science. U.S. science and technology are still the best in the world, but there are enough signs of strain to suggest that this pre-eminence, on which U.S. security and economic power depends, is fragile, even endangered.

The trouble starts with education. For more than a decade, secondary school curriculum requirements and achievement have fallen sharply in science and mathematics, while an opposite trend has been present in most other developed countries.

Federal support for graduate education is in doubt for the first time in 30 years. Engineers are in short supply in many fields, but engineering schools cannot take in more students because they cannot find trained faculty to teach them. Shortage of faculty means heavier teaching loads and less research. Schools do not have enough money to pay more professors even if these could be found, nor can they replace obsolete laboratories. Troubles that now afflict engineering are beginning to be seen in the sciences as well.

Money for basic research in America has been essentially constant for 10 years. To the extent that scientific advance is linked to money (there is a close but not rigid relationship) that means a decade without real growth. Meanwhile, increases in research funds in Japan, West Germany, France and elsewhere have paid off with growth in scientific and industrial productivity. And now federal research budgets face severe cuts.

Basic research, a long-range investment for the benefit of all of society, is properly and necessarily the responsibility of the federal government. Industry can be asked to expand its support of applied research and of development projects, but it is not industry's role, nor is the industrial setting the best environment for basic research. Yet less than 15 percent of federal research and development funds currently goes to basic research.

Too much federal money supports development projects that are the proper province of industry. Allen Bromley, president of the American Association for the Advancement of Science, suggests that the term "R&D" be dropped, in order to separate the financing of these two very different activities.

If serious damage is to be avoided as the budget is cut, Congress and the administration should protect and in some fields increase basic research funds. Ways should be explored to assure more continuity in the amount of support such research is given. It takes nine years to produce a Ph.D. in science, and years to assemble a research team and complete a project. When the money disappears for a few years, the people disappear too, and can seldom be brought back. Abrupt changes like those that took place in last year's budget cycle can wipe out years of past investment and future productivity.

THE WASHINGTON POST.

Feb. 4: From Our Pages of 75 and 50 Years Ago

1907: Lively Tehran Parliament

TEHRAN — There was great excitement at the latest sitting of Parliament. The Speaker demanded why the deputies had not yet taken the oath of allegiance prescribed by the constitution. Someone cried: "They refuse the oath because they are traitors." This caused an extraordinary uproar, all the deputies speaking together, while the president rang his bell to restore order. The Grand Vizier's letter, naming eight responsible ministers, was then read. The assembly asked whether the Finance Minister is responsible for the customs. Saad ed Dowleh said that as Great Britain, with all her dependencies, has eight ministers, the Cabinet of Persia, which is a smaller nation, need not have more.

1932: In Praise of the Hatpin

PARIS — A reader continues a discussion on the return of the happy. "In the first place," she writes, "it retains the hat at the desirable angle. As a weapon it is even more useful. Many a time and oft when out alone at night I have felt safe and even courageous knowing I possessed a weapon sharp and at the same time light enough to use with efficiency and force. How often have I combated impertinence or amorbusness on the New York subway with a slight but well-directed prick at the psychological moment. They are much safer and cheaper than pistols and at the same time a weapon that even the most conservative and gentle of her sex need not blush to the

In contrast with the excellent

HENRY S. BONDI,
Maennedorf, Switzerland.

Mitterrand on History, America and Prospects

By James Reston

PARIS — President Mitterrand is not happy with the state of the Atlantic alliance these days, but, unlike many others in Europe, he is cautiously optimistic about the future of the Western world. There will always be crises, he says, but we should not confuse crisis with decline.

He would argue for a sense of history about our present troubles.

When he was 20, 45 years ago, he said, Stalin was in the Kremlin, and the leaders of France's borders were Hitler in Germany, Mussolini in Italy and Franco in Spain, so that those who regard the last years of the 20th century as the worst of times may lack a sense of proportion.

Mitterrand has been rereading de Tocqueville on America recently, and is convinced that de Tocqueville's confidence in America's power and democratic traditions will prevail. Mitterrand said he has always felt that the American people have resources of energy and imagination that will continue into the 21st century.

Perhaps not in quite so dominant a role as in the last two generations, he thought. Other power centers will arise in time — he mentioned China, Japan, Brazil and Mexico — but the "genius" of the United States will find ways of adjusting to the changing circumstances of the coming world.

It may be observed, that America will have to think of adapting its institutions to make sure that the mainsprings of its de-

mocracy are sound and do not suffer from the inequalities of race or class.

He would put it this way, he said: It is essential that the American people and state should be really strong for the defense of the values of the West, and appreciate that the United States will be a great nation so long as it never acts contrary to public freedoms.

Mitterrand is obviously eager to talk to President Reagan about these deeper questions — perhaps on his way to Japan in April, or preferably sooner. Meanwhile he talked of immediate problems:

• **Unemployment in the West:** 8.9 percent in the United States, 7.5 percent in France, 10 percent (or 25 million people) in Western Europe. Mitterrand said that he was no prophet, but that if U.S. policies continued as they are, unemployment would undoubtedly increase.

• **Interest rates:** He was not judging Reagan's economic policies for the United States; he said; that was Reagan's responsibility. But high interest and exchange rates were weighing very heavily on the economies of the allies.

• **What could Europe do about this?** As there is already a European monetary system, Mitterrand replied, it would be a good idea if there were also a European system for rates of interest. He added that there would also have to be a system of control to avoid capital outflow from Europe.

• **European anti-nuclear demonstrations:** On this question, he said the German problem is most important. Many West Germans feel, he said, that their country is "a barrel of explosives," including thousands of nuclear weapons over which they may have no control. This problem, he said, would be with us for a long time, but it had been eased lately by the Soviet action in Poland.

• **Poland:** That was a genuine revolution, unlike Czechoslovakia in 1968 or Hungary in 1956. It was not strong enough to shake the foundations of the Soviet empire, he said. It was not decisive, but sometimes, as in 1945, revolutionary movements, while not immediately successful, foreshadow events, as in the collapse of the Austro-Hungarian Empire long after the death of Mitterrand.

Mitterrand seemed to be saying that time is not on the Soviet side but on the side of freedom. He was also saying that we have to be clear about what the West can do in Poland and what it cannot do.

Personally, he said, he does not believe in an economic blockade of Poland and the Soviet Union unless it is part of an agreed allied strategy of confrontation. But there is no such agreement within the alliance.

There is not even much consultation. There are exchanges of impressions and prophecies, but no serious consultation on a strategy of confrontation. This would have involved, he said, the question of military op-

position or economic blockade, which would have been a first step toward military action.

Nobody in the West, Mitterrand implied, is prepared to believe that Poland could be detached from the Soviet empire by threats while Moscow buys grain from America and sells natural gas to Western Europe.

What the West cannot do, he insisted, is encourage Polish military resistance that the West is not willing and able to support. What it could do, he suggested, is help the Polish people with food and credits and make clear it has heard their cries and supports the aims that are rationally within their reach: a return to civil law, release of political prisoners, restoration of communications through the press, and resumption of negotiations between the Polish government and the unions and the church.

Mitterrand was clearly trying to make the case of a bad situation and didn't want to pick a fight with anybody. But he said that Poland had been part of the Soviet sphere of influence ever since Yalta two generations ago, and that those who signed that agreement without assuring that its terms would be carried out should be careful about proposing sudden remedies for its abolition.

He argued for more consultation, cooperation and coordination of policies among the allies, and, on the basis of history, a little more confidence that the last years of the century will be better than most commentators in the West now suppose.

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The Party Perplexes Italians

By Enrico Jachia

ROME — The quarrel with Poland over Poland has put the Italian Communist Party on center-stage in Rome. Although momentarily eclipsed by the liberation of General Dozier, the dominant question remains the acceptability of the Communists as a reliable partner in government.

A certificate of good conduct has been denied to them for 35 years. The consequences of a sudden change would be far-reaching.

For decades, the Christian Democrats have justified their opposition to the Communists on the ground that they obey Moscow. This is an oversimplification, but it has proved useful as a way of keeping Enrico Berlinguer's party out of power. If the Communists break with Moscow, their political image will change.

To what extent? This question is the core of the present debate in the directorates of the five-party government coalition.

There is another aspect of the debate that may have an impact far beyond Italy's borders. It has been said that a main concern in Moscow has been the stance of the Italian party — supported by the Spanish and other "Eurocommunist" parties — toward the so-called liberation movements. Italy is of marginal importance in Soviet planetary strategy, but the Third World is essential.

The Italians have taken a number of initiatives that collide with the Soviet line in Africa and Latin America. In Mozambique, for instance, they have a strong influence on the government, which is Marxist-oriented but seeks like the Angolan government, to diminish its dependence on Moscow.

The current phenomenon may be without precedent in history: a country ruled by a senior citizens' club. The average age in the Politburo is 70; that in the Central Committee Secretariat is 68; in the Central Committee it is 64, and in the Presidium of the Council of Ministers it is 69.

This incongruous situation is the result of an equilibrium, a cautious balance among the Politburo and the various institutions of the Soviet establishment. Each of the 14 Politburo members represents a separate corps of the nation, a separate lobby, caste or clientele, with ramifications all the way down to the municipal level.

The death of a leader of Suslov's stature is bound to shake the edifice and bring changes in at least 5,000 responsible posts, by the estimate of some experts. It was because the Soviet nomenclatura has not prepared to handle a change of this magnitude that not a single member of the ruling group was removed or shifted during the 26th party congress a year ago.

Suslov's "unexpected" death may therefore lead to a battle among the clans headed by their Politburo leaders, which would have a domino effect. It might bring about a series of simultaneous departures from power and responsibility in a broad transfer of responsibilities.

Little is known about the new men waiting to take power. They certainly will be better educated than those who leave; less rigid, also, because less marked by the horrors of World War II and by the guilt of Stalinist atrocities. They will be less conservative, more flexible and, at the same time, less bound by tradition and more likely to do the unexpected.

The domestic paralysis of the Soviet system of which Suslov was the high priest was always compensated for — and still is — by expansion outside the Soviet borders. Soviet chauvinism and aggressiveness on the international scene allowed Suslov and his colleagues to freeze the system, to avoid reform and to delay change.

The question that comes up now is not who will replace Suslov but what his successor will do — and what all the new Suslows will do with the power they soon inherit.

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Letters

German Jews

Regarding the assertion in a Reuters report from Berlin (IHT, Jan. 30) that "Germany once had a thriving population of 2 million Jews," the correct figure for 1933 would be about 499,700.

It was Suslov who thought up the ideological justifications for all the phases of the Soviet political and military expansion, from the great purge of the 1930s, through all the excommunications (Tito and Mao, for example), all the pacifications (Hungary, Czechoslovakia), up to the ultimatum he delivered in person last May to Warsaw warning that "the tide of events must be turned."

The catastrophe in Poland — where the army violated his basic principle of party superiority and took over the reins of government

— was only a temporary interruption in the Suslov line.

Premier Alexei Kosygin died more than a year ago; his seniority as premier and as a director of the economy was equal to that of Mr. Suslov. His death did not bring about a transformation of the economic system despite the fact that the system has maintained the standard of living in the Soviet Union at the level of an underdeveloped country.

Despite a long series of political defeats including the recent break with the Italian Communist Party, and despite the loss of its power to proselytize, the Suslov ideological line will probably survive Suslov.

There may be some difficulty in choosing a replacement for the

analytical contribution from Pfaff. Safire's treatment of the dinner that Chancellor Schmidt gave at the West German Embassy for a group of distinguished Americans was vitriolic and mischievous.

Safire pretends to know how the conversation went. According to my information, he is wrong when he concludes that Schmidt "came across as nervous, petulant, self-deceiving and irresolute" — a reflection of what some of the staunchest supporters of the Atlantic alliance fear may be the state of his mind.

This conclusion is the biased and absurd message about Federal Germany that Safire has been trying to convey for a long time. His anti-German attitude is based on prejudice; it ignores the strategic truth that Federal Germany is a most reliable member of the Atlantic alliance and, for reasons rooted in dramatic events of the last 50 years of German and European history, the most loyal ally of the United States.

Anyone who contests the integrity and loyalty of Chancellor Schmidt assists in undermining Federal Germany's stability as a sincere friend of the United States and a loyal partner in the alliance.

The specific geopolitical and strategic position of Federal Germany in the middle of Europe, integrated in the structure and mechanism of the Atlantic alliance with specific obligations

In Central America, Recession Rivals Violence as Gravest Threat

Rising Oil Prices, Falling Export Prices Threaten Stability as Much as Rebels

By Alan Riding

New York Times Service

MEXICO CITY — The world recession has thrown potentially greater obstacles in the path of political stability in Central America than the extremist violence affecting much of the region.

Almost without exception, the rural-based economies of the isthmus have been ravaged by rising oil import bills, low commodity export prices, high interest rates and a shortage of foreign credit.

In every country except Panama, per capita income fell sharply last year while rising inflation, unemployment and food shortages steadily narrowed the margins of survival for the poor majority of Central America's 23 million inhabitants.

As a result, even where the political will exists, as in Nicaragua and Costa Rica, efforts to deal with the roots of unrest have been indefinitely postponed as governments struggle to avoid financial collapse.

Many regional experts believe Central America has no chance of alleviating chronic problems such as illiteracy, disease and malnutrition or tempering the more recent phenomena of insurgency and repression without first recovering a degree of economic health.

"Ninety percent of Central America's problems are economic," Costa Rica's president, Rodrigo Carazo Odio, said in a recent interview. "What better candidate is there to become a guerrilla than someone who is unemployed?" Central Americans believe in freedom and democracy, but they may be driven to despair.

The tiny republics have virtually no control over their economies. Rising costs of essential imports and shrinking prices paid for their coffee, cotton, banana and meat exports are determined abroad. The slump in demand has battered intraregional trade in the few industrial products they sell. Foreign bankers are reluctant to add to a debt that is already beyond the region's capacity to repay.

A sign of Central America's despair is that during the past 12 months every country except Nicaragua turned to the International Monetary Fund for help. Nicaragua refused to do so only for political reasons but was no less hard pressed — and accepted greater austerity in exchange for standby credits.

Even the hope of emergency financial relief from foreign governments has waned in recent months. Despite the enormous international attention given to Central America's political struggle, its economic crisis has been largely ignored abroad and foreign aid levels remain low.

The \$200 million in assistance given by Washington to El Salvador last year exceeded the total aid provided to the rest of the region, but its primary objective was to ensure the Salvadoran junta's political survival.

No common economic approach has been forthcoming. The Reagan administration says that only the private sector could rescue the area's economies, while Canada, Mexico and Venezuela argue that government finances must first be strengthened. Canada is therefore increasing its direct aid, while Mexico and Venezuela are each providing about \$375 million a year.

The United States has now drawn up its own policy. President Reagan is soon to propose to Congress a U.S. program for the Caribbean Basin comprising creation of a "one-way" free trade area, fiscal incentives and guarantees for U.S. private investment in the region and a modest increase in direct aid.

But it is expected to have little short-term impact on Central America's crisis. An experienced U.S. diplomat described the aid component as "too little, too late."

The formulas they are offering are completely inappropriate for a country like ours, Mr. Carazo said of Costa Rica. "Free trade and greater private investment are very welcome, but it would also be logical to aid the public sector at a moment when our crisis is the result of paying high prices for our imports and receiving low prices for our exports."

Despite their deep political differences, the six countries of the region reached agreement on a common position to be presented to the sponsors of the Caribbean Basin plan. In it, they called for \$5 billion in emergency aid and \$15 billion in long-term development assistance by 1990.

But since such vast sums are unlikely to be provided by foreign governments, international organizations or private banks, further contraction of economic activity and government spending — with predictable social and political repercussions — seems unavoidable.

Nowhere has the impact of the world recession been felt more strongly than in Costa Rica where, despite an entrenched tradition of democracy and social welfare that has long been the envy of the rest of Central America, the economy has proved no less vulnerable.

The rise in world oil prices and drop in world coffee prices in 1979 meant that earnings from Costa Rica's main export were soon spent on imported energy. For a while, the government covered its widening balance of payments deficit with new foreign loans, but when interest rates rocketed last year, it could neither meet its debt service obligations nor raise new credits. Last month, the government said it owed \$2.6 billion abroad and had \$5 million in the central bank.

The results have been disastrous. The country's currency collapsed from 11.6 U.S. cents to the colón to 2.5 cents in 18 months. Inflation in 1979 jumped by more than 60 percent, unemployment tripled to 15 percent, dozens of factories closed for lack of imported raw materials and the welfare state struggled to survive.

Public attention is riveted on the presidential elections Sunday, but labor unrest is already on the rise and, with no end to the recession in sight, political stability could be gradually eroded.

Throughout the region internal and external economic forces seem as likely to determine its future as the more dramatic political struggle. At present, countries with different political models — Honduras' new democracy, Nicaragua's revolutionary regime and Guatemala's rightist military dictatorship — are all facing similar financial problems that no ideological handbook can answer.

In July, 1979, Sandinista guerrillas ousted Nicaragua's Somoza regime and inherited not only a war-damaged economy but also a \$1.6-billion foreign debt that it was forced to honor — and renegotiate — in order to raise new loans. Its debt now stands at \$2.8 billion and, despite \$100 million in credit from Libya last summer, it has reached its borrowing limit.

In El Salvador and Guatemala, the economic crisis is being aggravated by — and is also feeding — political violence. Many wealthy businessmen have fled abroad with their savings, and private investment has ceased.

One irony is that, while economic stagnation has become a major political headache, it was the region's rapid, though unbalanced, economic growth in the 1960s and early 1970s that first began to undermine the political systems of much of the isthmus.

The creation of a Central American Common Market in 1961 stimulated foreign investment in light industries and assembly plants in most capital cities but principally in San Salvador and Guatemala City. These gave birth to a first generation of industrial workers and expanded the urban middle class, which began pressing for social reforms and democracy.

In the countryside, where the peasantry was traditionally coerced into supporting rightist parties at election time, the political balance was disturbed by the introduction in the late 1950s of cotton plantations and cattle ranching, both of which required large extensions of land.

Not only did powerful hacienda owners "steal" communally owned land, but rising birth rates added to population pressures on existing peasant plots. By the mid-1970s, peasants in many areas — though, again, notably in El Salvador and Guatemala — were ripe for organization by leftist militants or activist Catholic priests.

Thus, while the region's economies were growing annually by 6 percent or more, the new wealth was concentrated in few hands as the poor became poorer. And when inflation appeared as a permanent phenomenon after 1973 and most rural and urban wages remained frozen, political agitation grew.



Salvadoran peasants undergoing military training at school run by the guerrillas where they also take political courses.

Training School for Salvador's Rebels Blends Marxist and Military Thinking

By Raymond Bonner

New York Times Service

ZAPOTLA, El Salvador — Twenty-four peasants were receiving their first formal military training near here as members of the sixth class of the Farabundo Martí National Liberation Front's military school for the Eastern Front.

The peasants were also being introduced to Marxist principles in the school, where political courses are an integral part of the curriculum.

The purpose of the school is to consolidate the peasants' political, ideological and military thinking and to develop military commanders, explained the school's director, Orlando Rodríguez, 31, who said he graduated from the seventh grade and joined the revolutionaries in 1974.

For more than a year these poorly equipped peasants, with whom this reporter walked and lived for two weeks in the northern mountainous region of Morazán province, have engaged in combat with an army that has received helicopters, weapons and training from the United States.

In recent weeks, they have overrun military posts throughout the country, apparently in preparation for attacks on larger military garrisons before the national elections scheduled for March in which the revolutionary forces are not participating.

Revolutionary Definitions

At the military school, the students, who included two Hondurans, were sitting on crude benches on the pabón of a four-room adobe that is now the revolutionaries' military school. Comdr. Rodríguez was explaining El Salvador's social-economic structure as the revolutionaries see it.

On a chalkboard he had drawn an inverted pyramid. On top were the names of several of the country's wealthiest families, grouped under the category, "oligarchy." Further down were the "rich peasants" — those who owned cars and cows — followed by "daily farm workers."

Among the titles of the political courses are: "Democratic Centralism," "Strategy of the Revolutionary War and the Taking of Power" and "Bourgeoisie."

Proposed subjects for themes, which the military students write in notebooks, include: "What Is Marxism," "How to Ambush the Enemy," "What Ought to Be the Qualities of a Revolutionary" and "Explanation About the Fight of 1932," a reference to the Communist-led peasant uprising in El Salvador in 1932 when about 30,000 peasants were killed, one of whom, Farabundo Martí, gave his name to the guerrilla army.

But most of the guerrillas have gained their military experience in combat during the past year.

"We must learn from our successes as well as our failures," Jonas, the senior military commander in Morazán, told several hundred peasant soldiers and civilians gathered in a field to honor the 75 combatants who died in battle in Morazán in 1981.

Few of the peasants who make up the combat units in the Eastern Front are older than 24 or 25, and about 80 percent are 18 years old and younger, according to Licho, the 21-year-old comandante in charge of military operations in Morazán province.

A peasant who attended school only until the second grade, Licho received his military training in the Salvadoran Army. In this respect, he is like many of the Farabundo Martí field commanders.

Goya, 24, who like all the guerrillas uses only a single name, said he served in the regular army 20 months in 1976-1977. Asked what rank he was when discharged, he said "a sad soldier." In 1978, he said, Salvadoran soldiers killed his mother, father, sister, who was eight months pregnant, brother and his brother's two children, who were one and two years old.

A War of Movement

Another company commander, Che, 29, was in the army in 1972-1973. A native of Morazán with a sixth-grade education, he has two younger brothers who are also guerrillas. His father works in a production brigade that supports the guerrillas, he said. He has not seen his wife and daughter, aged 2 and 4, since they fled to a refugee camp in Honduras two weeks before Christmas in 1980.



A young rebel getting ready for battle

"The military instruction is good, but the ideology is bad because it's against the people," Licho said when asked about his experiences as a government soldier. "They don't teach to respect the human rights of the people."

The military leaders in this zone, which is considered the strongest militarily of the four Farabundo Martí zones, described their strategy now as a war of movement, not positions.

When attacked, their objective is to minimize losses. Their goal, they say, is not to protect or hold any specific territory, except where their radio station, Radio Venceremos, operates. It is to defeat the enemy. They will do that, they say, by exhausting the government's soldiers physically and mentally.

"He turns to his officers and asks 'Where are they?' The officer has to say 'I don't know.' It's very demoralizing."

Offensively, the revolutionary strategy is to attack small government outposts, which are located in villages. The objectives of these missions, the leaders say, are to obtain weapons and military supplies and force the government troops gone, the revolutionaries say they can buy food and supplies, such as flashlight batteries and plastic canteens. And they move closer to larger military garrisons they plan to attack, such as the one in San Francisco Gotera.

Pincer Operation

Nationally, the plan is to gain control of the countryside, maintain the mobility of small units, then slowly surround and strangle the main cities, such as San Miguel and eventually San Salvador. The military leaders here contend they have the capability now to overrun the army units in Gotera and San Miguel. They do not do so, they say, because they fear the air force would stage bombing raids against civilians.

His assessment that victory will come because the revolutionaries have the support of the people was heard frequently, from frontline combatants to senior commanders.

"We're ready to negotiate, to seek a political settlement, so that fewer people will be killed," said Licho, recovering one morning after an attack on a military post in Jocotíque. "But the enemy doesn't want one. So the only way is to continue fighting."

"We found ourselves surrounded," said Nolvo, 28, who abandoned his farm and joined the

HANDS ACROSS THE SEA



Music Director Mstislav Rostropovich and Amway co-founders Rich DeVos and Lay Van Andel

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On February 1, the National Symphony Orchestra begins its first tour of Europe under its Music Director, Mstislav Rostropovich. The 103 member orchestra will perform 17 concerts in eight countries.

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Eileen Paisley Takes The Cause to the U.S.

By Paul Hendrickson
Washington Post Service

WASHINGTON — Her husband, the Rev. Ian Paisley, Protestant leader in Belfast, has been called by his enemies the "clergyman in jackboots," the "bloated bulldog," the Devil incarnate. Those are some of the kind things. A year or so ago a writer for *The Atlantic Monthly* called him a "pompous, hysterically foulmouthed brawler." To his friends he is "the good doctor." So what can Mrs. Paisley be like?

Every morning they both go his office, she says. She is his chief mail sorter. But they don't go together. Her husband goes in a police car, she drops the twin boys off at school. Sometimes, going out the driveway, she sees the Roman Catholic priest who lives just across the avenue. "He'll blow the horn of his little car, we're quite friendly." That night around the dinner table, one of the children might bring up what everyone simply calls The Troubles. "It comes up," Mrs. Paisley says with a sad little shake of her head, twisting a demure gold wristwatch. "The tally is usually on, and of course we've always waiting for news reports." And then, as if she were really talking to herself, "I wish our lives could be like what they once were."

So recently, while her banned husband sat up in Canada, denied a U.S. visa because his visit is thought not to be in the interests of the United States, a buxom, gray-haired, bird-voiced, middle-aged lady, with a triangle of hankies in her right hand, came to face the lions of the National Press Club. If her husband is the "monster" his critics portray, Eileen Paisley is not. Ian Paisley is a demagogue and firebrand, his wife seems merely an Irish mump with gray pumps and a modest dress and disarming friendliness.

Eileen Paisley polished her silver spectacles. She poised a glass of ice water at her lips and drank modestly. She held a fork in her left hand and a knife in her right delicately through a plate of greens and soggy-looking beef. She smiled out on a floor of ravenous scribes as if they were a church choir.



John McDonnell, The Washington Post

Then she got up to read her husband's speech. She delivered it just as he had written it. She is a housewife and mother and not a political leader, though she has served on the Belfast city council. She read the speech quietly and determinedly and a little nervously. She let those with her answer the questions. In the speech, the wife of Northern Ireland's most militant Protestant leader said things like this:

"What the IRA cannot attain by the bullet it seeks by the ballot."

"We come to North America today to explode the IRA-spawned myth that Ulster is British by comparison rather than by choice, and that the IRA are gallant freedom fighters rather than cold-blooded terrorists."

When she reached a point in the text about the death of Robert Bradford, Protestant member of the British Parliament who was killed in Northern Ireland in November, her voice thickened and her eyes welled and she looked down the podium at Bradford's wife, a pretty young woman, perhaps still in her 20s, who had come to the United States to be with Mrs. Paisley and the entourage of MPs. Mrs. Paisley knew Robert Bradford well. "Norah Bradford would not be here today in place of her late husband if he had not been savagely murdered by the IRA," she said. The tone seemed out of sync with the words, though you wouldn't have questioned whose side she was on.

Afterward, in a room off the press club's ballroom, she faced a polite, natty, hard-charging, British TV reporter. What about those who say you're religious bigots? the reporter wondered while the cameras rolled.

Didn't think she was a bigot, actually, she said.

You're coming in your husband's place. Seems a bit of a publicity stunt, the TV man went on.

Didn't think it was, she allowed.

On the way you explain the violence, the reporter persisted. Sounds like a bit of a whitewash.

"Well, I don't think so."

Afterward she said: "I suppose they want to bring the worst out of you."

The religious hate has gone on since William III of Orange defeated the Catholic King James in 1690. "Oranges" against the wearing of the green. There are a million and a half people in the north of Ireland, and the majority of them are Protestant, loyal to the British crown. As Eileen Paisley's husband proclaimed to a crowd of 10,000 outside the city hall of Belfast a few weeks before Christmas: "We are not going into an Irish republic, never, never, never. It will be over our dead bodies."

In her husband's absence, Mrs. Paisley and her delegation came to Washington to try to advance the cause of the Unionists. The Protestant point of view is that largely unknown U.S. sympathizers have long been funding "IRA terrorism." Funds and even arms have been obtained in the United States for the use of Republican terrorism, they say. Mrs. Paisley and the MPs and Robert Bradford's widow came to try to "put an end to this."

Mrs. Paisley said: "The press everywhere is forever reminding her of things her husband has said. 'But at home he's quite gentle and sweet. You should see him. Doesn't drink or smoke. Likes to watch westerns.'

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Saudis Cut Oil Output, Sources Say

Low Spot Prices Seen As Cause of Reduction

By Thomas Thomson
Reuters

BAHRAYN — Saudi Arabian oil output last month slipped to just under 8 million barrels daily from the kingdom's 8.5 million ceiling in force since last November, informed industry sources in the Gulf said Wednesday.

Saudi Oil Ministry officials were not available to comment. But the sources said low prices for crude on the open market had made companies reluctant to pump too high a volume.

Quotes on the free market for Saudi light crude fell on Tuesday to a dollar below the official \$34 price. The U.S. companies Exxon, Texaco, Standard Oil of California and Mobil that ship the bulk of Saudi oil use the free market to unload surplus volumes.

Saudi Oil Minister Ahmed Zaki Yamani has said the kingdom plans no formal output cut to assist other exporters hit hard by the present world glut. But he has also said it is prepared to let output drop under market forces.

Analysts say a Saudi output cut on the scale reported to have occurred last month will probably not do much to ease the plight of the more hard-pressed members of OPEC.

Industry sources say Algeria, Libya and Iran together probably want to sell at least 1.5 million barrels daily more than they are able to market now. Kuwaiti sales are also down.

The Middle East Economic Survey, an authoritative Cyprus-based oil newsletter estimated this week that total OPEC output was down around 20.6 million barrels daily in January, from a peak of 31 million in 1979.

Gulf oil analysts said that with the Northern winter almost over demand was unlikely to pick up immediately.

Threat to Prices

The world glut is threatening OPEC's price structure. OPEC ministers are not scheduled to meet again until May 20 in Quito, Ecuador, but some analysts believe the export group may have to hold emergency talks before then to adjust prices downward on some grades.

Official prices are already being eroded by some exporters offering hidden discounts.

London market experts say Britain and Iran are weak links in the world oil pricing structure.

Crude from Britain's Forties Field in the North Sea has traded on the free market around \$3.25 below the official rate for contract sales of \$36.50 a barrel, set by the government's British National Oil Corp.

Industry sources said companies are weighing whether to press BNOC for an official price cut.

They think they might get a reduction of up to \$1, although BNOC, backed by the Treasury, will argue that spot quotes should not dictate long-term contract prices.

However, a U.K. price cut would intensify pressure on OPEC exporters of similar low-sulfur crudes.

Meanwhile, London-based buyers say Iran, needing revenue for its war with Iraq, is struggling to boost sales from around 600,000 barrels daily to a target closer to 1.5 million and has resorted to inviting reluctant customers to ship spot cargoes at a discount rather than sign long-term deals.

They said Iran so far seems to have had few, if any, takers among key Japanese buyers, and oil companies await its next move.

Egyptians See 30 Billion Barrels

CAIRO (UPI) — Drillers in Egypt's western desert have discovered a "huge oil reservoir" containing an estimated 30 billion barrels enough to supply the nation's needs for 17 years, a Cairo newspaper has reported.

The report by the newspaper Al Akbar on Shell's exploration raised hopes that the previously unproductive area could become a center of production in the future.

Early estimates of petroleum reserves in Egypt's latest oil find run at 30 billion barrels, Al Akbar said. "This huge oil reservoir beneath the find, known as 'Badr Eddin,' would cover Egypt's oil needs for the next 17 years."

Shell had announced Monday its find was of commercial quality, and told the Egyptian Petroleum Authority the first test-well was producing nearly 6,000 barrels of light crude daily.

The latest discovery is located in a region that was known only to contain a handful of minor oil fields. The major Egyptian fields are in the desert east of the Nile Valley, mainly along and off the shores of the Gulf of Suez and the Red Sea.

Venezuelan Cut on Fuel Oil

NEW YORK (Reuters) — Venezuela has lowered the price of high sulphur residual fuel oil, sources here said.

They said Petroleos de Venezuela, effective Tuesday, reduced its minimum sales prices on number six fuel oils with sulphur levels of 1.5 percent and higher by 25 to 94 cents a barrel and left prices for the lower sulphur fuels unchanged.

SAS Sets New Ground Rules for Survival

By R.W. Apple Jr.
New York Times Service

STOCKHOLM — Last year, every employee of the Scandinavian Airlines System was given a 50-page booklet with a bold red cover, printed in large type and illustrated with cartoons. At first glance, it looked like a comic book.

But its intent was serious, and its message somber: SAS, the international airline jointly owned by the Swedish, Danish and Norwegian governments, was in big trouble: After 17 profitable years in a row, and despite continuing earnings from hotels and other sidelines, it had lost money two years running — \$14.9 million in the fiscal year ended Sept. 30, 1980, and \$9.1 million last year.

Jan Carlzon, 40, the former tour operator who is the chief executive officer of SAS, and president of SAS Group, exhorted his employees on the booklet's cover, "Let's get in there and fight."

Inside, he said the airline would not survive unless it learned to be more like the "street fighters from the rough-and-tumble American domestic market such as Delta."

Mr. Carlzon ended his pitch to the staff with an unorthodox assertion in a company that had always considered its airplanes its most valuable property: "Bear in mind that the only really valuable asset we have is a truly satisfied customer."

But unlike the bosses of other carriers that have found it hard to make a profit in the era of high fuel prices and cutthroat competition, Mr. Carlzon proposed no huge staff cuts. Instead, he replaced 13 of 14 top executives and invested \$24 million to build a new kind of service.

"We decided to look upon our costs as resources that if well used, can give us more income," he said in an interview.

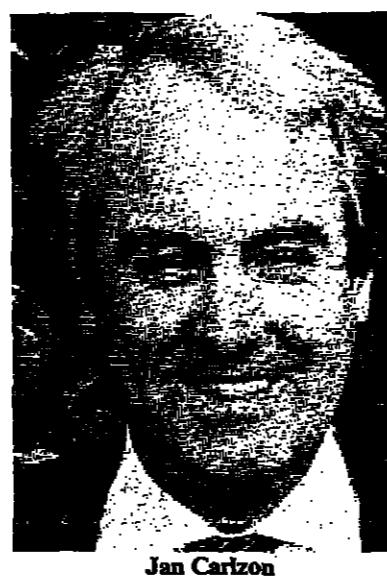
"We had to stop being a passive booking agency and start going out to find customers, and the customers we needed most were the ones this company was originally organized to serve — the business travelers from our three home markets."

When Mr. Carlzon took over, half was in the hands of its competitors, and he invented something called EuroClass to try to draw some of it back.

He stretched to the limits the rules set down by the International Air Transport Association by providing 34 inches instead of 31 inches between seats, by giving business passengers separate check-in counters (and guaranteeing they would never wait more than six minutes), by giving them free drinks, special lounges and a special business magazine, by letting Eurowclass passengers embark last and disembark first — and by giving them all this for the usual economy fare, without the surcharges other European airlines had imposed for their new business classes.

"The only way you can make money in the kind of zero-growth market we may face in some of the years immediately ahead," Mr. Carlzon said, "is to take business from your competitors. The only way you can do that is to give people better service, almost to force them to ask for an SAS flight instead of simply any flight."

"Once we have EuroClass established, we can go out and sell out-rate tickets, without all these boring restrictions, to people who want a cheap service, with no fear that businessmen will decide to sit in the cheap, low-service seats."



Jan Carlzon

There were other changes as well. He increased the number of employees in his offices and at airports because, in his view, a previous program of reducing staff had resulted only in cutting costs "in the

(Continued on Page 9, Col. 3)

BUSINESS NEWS BRIEFS

Belgium, Banks Agree on Cockerill Steel Aid

Reuters

BRUSSELS — The Belgian government said Wednesday it reached agreement with the country's four main banks on a new financing package to help steel group Cockerill-Sambre manage its financial difficulties.

Ste. Générale de Banque, Cie. Financière de Paris et des Pays Bas, Groupe Bruxelles Lambert and Kredietbank agreed to supply new credit for a total of 9 billion francs (\$226 million) on a medium-term basis, while maintaining their existing credit lines to the group at current levels, Finance Minister Willy de Clercq said.

The agreement follows lengthy negotiations on guarantees for the credits, and Mr. de Clercq said the state gave its guarantee to the new loans and to 9 billion francs worth of short-term credits. The four banks are among 22 private banks owed money by Cockerill-Sambre, whose debts now total 44.2 billion francs, most of them short-term. The new 9-billion-franc credit, to be added to this total, will be for five to seven years at a variable interest rate, Mr. de Clercq said.

Hiram Walker Considers Suit Against Davis Oil

Reuters

TORONTO — Hiram Walker Resources is looking at the possibility of legal action against Davis Oil and alleging misrepresentation in the purchase of Davis' U.S. oil and gas assets last March, William Wilder, chief executive officer said Wednesday.

Speaking to reporters following the annual meeting, Mr. Wilder said a preliminary evaluation study indicates the company now has only proven reserves of 83 billion cubic feet of natural gas rather than 113 billion cubic feet it thought it had after the Davis properties were purchased. He said proven oil reserves now stand at about 8.2 million barrels from 10.4 million barrels.

He said Mr. Wilder said a writ-off of approximately \$175 million against earnings will likely be in the second quarter of fiscal 1982.

Lalonde Confident Alsands Will Go Ahead

From Agency Dispatches

OTTAWA — Energy Minister Marc Lalonde said Tuesday despite the decision to quit by two partners in the Alsands tar sands consortium he is confident the project will proceed.

Amoco Canada Petroleum, a subsidiary of Standard Oil of Indiana, and Chevron Standard, a subsidiary of Standard Oil of California, announced Monday they were leaving the consortium. Mr. Lalonde told Parliament it was recognized when Ottawa, the Alberta government and the Alsands consortium were negotiating pricing and taxation terms that weaker partners might leave because the two governments could not meet their demands.

In Calgary, Neil Stewart, Amoco's vice president for marketing and corporate affairs, said Tuesday the remaining members of the consortium could face a "financial bath" if forecasts of future inflation rates and the world price of crude oil proved inaccurate. Mr. Stewart said there was practically "no chance" of the participants ever achieving the 21.5 percent return on investment the federal government offered the consortium in a package of financial concessions.

Klockner-Werke Group Turnover Falls 3.3%

Reuters

DUISBURG, West Germany — Klöckner-Werke said Wednesday its world group turnover fell to 6.29 billion Deutsche marks in the year ending September 1981, 3.3 percent below the previous year's 6.50 billion DM.

Foreign sales rose 6.0 percent to 2.43 billion DM from 2.29 billion DM a year earlier. Crude steel production fell 12.7 percent in the period to 4.79 million metric tons after 5.49 million in 1979-80, the company said.

World group sales of specialist machinery rose 22 percent to 1.26 billion DM from 1.04 billion DM the previous year, it added.

£100 Million Barclays Issue First Corporate in Decade

Reuters

LONDON — Barclays Bank said Wednesday it is issuing £100 million loan stock — the first corporate U.K. domestic bond in some 10 years, bond market sources said.

Barclays said its £100 million of 16 percent unsecured capital loan stock due 2002-2007 is 25 percent payable on Feb. 9, with the balance due April 30.

The bank is issuing the stock to fund its domestic and overseas expansion plans, said Jonathan Scott, a director of Barclays Merchant Bank. It saw the need to expand its long-term capital base and decided to issue debt rather than equity because its shares are undervalued in terms of its assets, he added. He also pointed out that the group's capital structure is relatively undergeared.

Mr. Scott said it was wrong to

read any particular attitude to interest rates on the part of Barclays into the decision to issue the loan stock. The money raised through the loan stock will be a small part of the long-term funds available to Barclays, most of it raised at lower rates. The group will continue to take advantage of opportunities to fund long-term, he said.

The last significant corporate issue in the U.K. domestic market was the £20 million bond launched in 1972 for property company MEPC Ltd, bond market sources said. Since then, high interest rates and the large amount of U.K. government borrowing have discouraged corporate borrowers from tapping this market, they said.

While heralding the move as significant, bond managers contacted Wednesday said Barclays' action is unlikely to signal a rush to a market that has been effectively shut for 10 years.

CURRENCY RATES

Interbank exchange rates for Feb. 3, 1982, excluding bank service charges.

	£	D.M.	F.F.	N.L.	DM.	S.F.	£	U.S.
Australia	2.095	4.87	42.14	1.025	134.25	1.64	134.25	21.67
Canada	2.095	4.725	37.94	1.018	134.25	1.64	134.25	21.67
Denmark	2.325	4.285	39.30	1.07	134.25	1.87	134.25	21.67
Ireland	1.803	—	3.885	11.168	23.04	4.865	74.92	1.22
Malta	2.045	2.041	33.01	20.17	31.20	4.07	44.92	1.22
New York	—	—	—	1.048	1.079	1.079	1.079	1.079
Peru	5.945	11.135	24.29	1.048	4.725	22.22	14.979	31.675
Portugal	1.822	3.572	80.34	31.995	81.993	72.445	47.757	—
Switzerland	1.905	5.589	4.225	1.101	2.480	41.703	1.965	8.077
U.S.	—	—	—	—	—	—	—	—
U.K.	—	—	—	—	—	—	—	—
Yugoslavia	—	—	—	—	—	—	—	—

Dollar Values

	U.S.	£	DM.	N.L.	DM.	S.F.	U.S.
Australia	0.7132	1.392	1.0276	1.0203	1.0203	1.0203	1.0203
Canada	0.6822	1.3612	1.0273	1.0202	1.0202	1.0202	1.0202
Denmark	0.7293	1.2625	1.0255	1.0201	1.0201	1.0201	1.0201
Ireland	0.7299	1.2625	1.0255	1.0201	1.0201	1.0201	1.0201
Malta	0.7164	1.2625	1.0255	1.0201	1.0201	1.0201	1.0201
New York	—	—	—	—	—	—	—
Peru	0.7014	1.2625	1.0255	1.0201	1.0201	1.0201	1.0201
Portugal							

\$350 Million Offered In Chrysler Bid

Defence Wing Sought
By General Dynamics

By Donald Woucar
Los Angeles Times Service

DETROIT — General Dynamics Corp. has offered to pay more than \$350 million for Chrysler Corp.'s defense subsidiary, and well-placed sources said that officials of both companies were hoping to complete the deal in time for Chrysler directors to vote on the transaction Thursday.

Officials of the two companies and the Army met through the weekend and continued talking Tuesday, the sources said. Except for several unspecified questions raised by the Pentagon, "the deal is for all practical purposes consummated," one source said.

Neither Chrysler nor General Dynamics, the largest U.S. defense contractor, would comment. Chrysler has said only that several companies are interested in buying the profitable subsidiary, which builds tanks and equipment.

Chrysler has long resisted the sale of its defense subsidiary, which contributes about \$60 million in pretax earnings annually. The automaker is expected to report later this month a loss for 1981 of more than \$300 million.

The sale of the subsidiary would leave Chrysler with only one asset — its successful Mexican auto business — that does not rely on the troubled U.S. auto market. Earlier, Chrysler sold its car operations in Europe, Latin America and Australia as well as real estate and other interests.

No Immediate Improvement

But the prolonged slump in car and truck sales continues to squeeze Chrysler's cash position, and no significant improvement is expected until late this year.

An infusion of \$350 million would substantially improve Chrysler's cash situation. Chairman Lee A. Iacocca has said that the sale of the defense unit would be less distasteful than another request for federal loan guarantees, which would invite negative publicity and force the company to take on a still heavier debt burden.

A Chrysler spokesman said that the sale of the unit would provide Chrysler with a cushion, but that there is no emergency. Sources close to the federal Chrysler Loan Guarantee Board, which oversees government-backed lending to the automaker, agree that it is "not a fire-sale deal."

Chrysler has been juggling its finances in recent weeks, negotiating a third deferral of pension fund payments for union employees but paying off the last of its non-guaranteed bank debt six weeks ahead of schedule.

The loan board "wouldn't have let them pay off the banks early if they were really pinching pennies," a government source said of Monday's \$47 million payment, which retired the last of \$1.3 billion in bank debt at a rate of 15 cents on the dollar.

Chrysler's defense unit builds tanks and components in government-owned facilities in Michigan, Ohio and Pennsylvania, and has 7,000 employees. The defense subsidiary's value lies in Chrysler's contract to build the old M-60 and new M-1 battle tanks.

COMPANY REPORTS

Revenues, Profits in Millions. In local currencies, unless otherwise indicated

Britain

Signal Companies			
Year	1981	1980	1981
Revenue.....	1,220	1,240	1,200
Profits.....	67.6	52.1	51.1
Per Share.....	2.26	2.11	2.07

Canada

Imasco			
3rd Quar.	1981	1980	1981
Revenue.....	1,050	601.6	1,016
Profits.....	37.7	28.5	37.1
Per Share.....	1.17	1.37	1.08
9 mos.	1981	1980	1981
Revenue.....	2,920	1,540	2,920
Profits.....	96.7	64.8	96.7
Per Share.....	3.44	3.12	3.26

France

Pechiney Usine Kuhlmann			
Year	1981	1980	1981
Profits.....	137.0	25.0	137.0

United States

American Can			
Year	1981	1980	1981
Revenue.....	4,140	4,110	4,140
Profits.....	74.7	15.7	3.77
Per Share.....	4.26	4.26	3.77

Aveo Products

4th Quar.	1981	1980	1981
Revenue.....	822.7	867.4	822.7
Profits.....	80.4	105.9	134
Per Share.....	1.34	1.76	1.34
Year	1981	1980	1981
Revenue.....	2,610	2,570	2,610
Profits.....	219.9	242.1	219.9
Per Share.....	3.66	4.02	3.66

Great Northern Nekoosa

4th Quar.	1981	1980	1981
Revenue.....	3,652	3,619	3,652
Profits.....	24.0	22.5	14.8
Per Share.....	1.48	1.45	1.48
Year	1981	1980	1981
Revenue.....	1,470	1,570	1,470
Profits.....	93.0	96.7	58.5
Per Share.....	6.13	6.13	5.85

IC Industries

4th Quar.	1981	1980	1981
Revenue.....	1,090	1,120	1,090
Profits.....	44.8	44.8	23.3
Per Share.....	2.33	2.40	2.33
Year	1981	1980	1981
Revenue.....	4,190	4,140	4,190
Profits.....	134.4	120.6	64.5
Per Share.....	6.65	6.02	3.22

Lockheed

4th Quar.	1981	1980	1981
Revenue.....	1,244	1,247	1,244
Profits.....	51.5	48.4	44.5
Net.....	loss 40.50	25.8	15.7
Per Share.....	3.03	2.22	1.53
Year	1981	1980	1981
Revenue.....	1,195	1,145	1,195
Profits.....	157	125.3	84.7
Net.....	loss 31.14	27.6	8.67
Per Share Net.....	—	—	1.53

Tokyo Pacific Holdings N.V.

on January	1, 1980: U.S. \$66.42
on February	1, 1982: U.S. \$89.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

* Net income from continued operations.

Tax Sale Draws Lawmakers' Ire

By Thomas B. Edsall
Washington Post Service

WASHINGTON — Congressional opposition to the controversial corporate tax sale provisions of the 1981 Economic Recovery Tax Act — a section denounced as corporate welfare by critics — is mounting.

In the Senate, 18 sponsors and

co-sponsors — including two from the Finance Committee — have introduced five separate bills repealing the section of the law allowing corporate tax sales through paper transactions called "leases."

In the House, there are eight separate bills with 37 backers. The bills all would end the transactions, which are expected to cost the Treasury at least \$27 billion through 1986.

The mood of Congress was reflected earlier this week when Sen. Robert Dole, Republican of Kansas, chairman of the Finance Committee, told a group of lobbyists: "If any of you are going to take advantage of that [corporate tax sales through leases], you better hurry."

Similarly, Sen. Bob Packwood, Republican of Oregon, the second ranking Republican on the panel, told the same group: "If you see several years of corporations paying no taxes, then you'll see something bordering on revolt... It's imperative that everyone, including corporations, pay some taxes."

Economic Logic

While the leasing provisions have provoked sharp attacks from both liberals and conservatives, criticism from members of the two congressional tax-writing committees — reformers and byzantine tax experts — has been far muted.

In these quarters, the much more commonly held view is that tax sales under the leasing provisions have a certain economic logic within the context of the passage of the massive business tax cuts provided under the new depreciation schedule known as "10-5-3."

The lines of this argument are that 10-5-3 (for the shortened number of years used for depreciation schedules) provided such a major tax benefit to profitable companies — particularly capital-intensive firms — that tax "sales" are one way to spread the benefits around and prevent tax-induced distortions of the marketplace.

In private, a number of the lobbyists acknowledge that modification of the legislation is likely.

With almost no consideration by Congress, the leasing provisions were slipped into the administration's bill last summer. Since its enactment last August, however, disclosure of a number of tax-sale deals benefiting highly profitable companies has resulted in growing opposition.

In this context, congressmen and lobbyists are exploring a number of ways to modify the leasing provisions with two goals in mind: to end tax sales by profitable companies and to lower the expected losses to the Treasury.

The deal that sparked the most protest was the announcement that Occidental Petroleum, a firm with earnings of \$710.8 million in 1980, "sold" just under \$30 million in tax breaks to a New York insurance and investment company. Occidental has paid no federal income tax since 1978.

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Steve Mahre, After His Brother Falls, Beats Stenmark for Giant Slalom Title

By Nick Stout
New York Times Service

SCHLADMING, Austria — Until Wednesday, Steve Mahre had never won a world-class giant slalom race. That his capability should be demonstrated in the World Alpine Skiing Championships — in which the defending world champion was eager for victory to the point of obsession — left the director of the American ski team cowering over the fence at the finish and shouting his exaggerated but not entirely inappropriate summation: "Awesome... Awesome."

Ingemar Stenmark was a shaken runner-up. Stenmark had been training all winter especially for this and for next Sunday's slalom race, and had said he would rather fall out of the race than relinquish this title by finishing in second place. He was expecting the stiffer competition to come from Phil Mahre, the more accomplished of the 24-year-old twins, not from Steve.

"He was a surprise for me," Stenmark said quietly after the race. But Phil Mahre's chances ended early, when he caught an inside edge while leaning the wrong way just moments out of the starting gate.

Boris Streli of Yugoslavia earned the bronze medal. He clocked the best time in the afternoon leg of the two-run event and moved from seventh to third place.

Steve Mahre's victory made of the American team its third medal of the championships after three events. Christine Cooper having won a bronze and a silver for the women.

While Phil Mahre and Bill Kidd have in previous years won gold medals in combined events, no American had finished first at a regular men's event in world championship competition.

"I'm totally ecstatic," Steve Mahre said. "But I was disappointed about Phil. After my finish in the first run I thought we had a chance for a one-two day."

Steve Mahre was able to win the race by clocking the best time in the morning leg and building an advantage of 1.37 seconds over Stenmark, who was fifth. Stenmark was second to Streli in the afternoon, but he was not able to close the gap between him and Mahre, and the American won by 51 hundredths of a second.

"I skied well here last year," said Mahre, whose three victories in seven World Cup seasons have all been in slalom races. "So I felt that if I was going to ski well, this would be the hill. I really liked the way the first run was set. It was kind of in between slalom and giant slalom. Slalom is my specialty and I just concentrated in going at the gates. It paid off in the first run. And in the second run I had a really solid run and it was enough to keep me ahead."

Since the top five finishers in the morning start the second run in reverse order, Stenmark led off the afternoon. But before he went back up the hill he broke his hand and changed his skis. The edges on the first pair had been too thin to cope with the hard course, he explained. Later, Stenmark said he knew he had lost even before Steve Mahre made his final descent.

"In the middle part of the first

run I was skiing too far away from the poles," Stenmark said, explaining that this was because of the inadequate edges. "In the second run I was not too good at the beginning but after 15 or 20 gates I was skiing better."

There are at least two reasons why Mahre's winning performance inspired so much awe in Bill Marolt, the U.S. Alpine program director. First was Mahre's relatively poor record in giant slalom compared with his results in slalom. His best giant slalom result on the World Cup tour this year had been eighth.

Stenmark, on the other hand, has won 35 giant slalom races in eight years on the World Cup tour, in addition to the world championship race in 1978 and the Olympic giant slalom in 1980. Mahre's victory was surprising also because he had operations on both knees during the Christmas break.

He had injured his left knee at a race in Val d'Isere, France. "We cut some bands to make the knee line up better and took some lining out of the joint," said Dr. Richard Steadman, the American team physician. Since the right knee had continually been painful and swollen after training, he removed the bandage.

"He told me to go a little bit

rounder, but to the pole, and get off the edges quickly," Steve Mahre said.

Stenmark met the press, then was said to have left town to train in West Germany until the slalom race on Sunday. He is clearly worried because the Mahre brothers are much more accomplished in slalom than in giant slalom.

Asked if he was surprised that Steve Mahre was able to recuperate so handily from his double knee surgery, Steadman replied: "Not at all. I told him after the operation that those were gold-medal knees."

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He had injured his left knee at a race in Val d'Isere, France. "We cut some bands to make the knee line up better and took some lining out of the joint," said Dr. Richard Steadman, the American team physician. Since the right knee had continually been painful and swollen after training, he removed the bandage.

"He told me to go a little bit



Steve Mahre, foreground, smiled brightly as he stood next to Ingemar Stenmark after winning the giant slalom Wednesday.

Boxers Don't Always Know Best

By George Vecsey
New York Times Service

NEW YORK — In the coal mines deep under the Appalachian hills, the miners were convinced that the owners would trade health for profits any time. But when the government came around to ban smoking in the mines, or suggested cloth curtains to keep coal dust from spreading, the miners bristled at that, too. No outsider was going to tell them how to do their business, buddy. The miners knew best.

It all sounded painfully familiar the other day when a group of boxers refused to wear the new thumbless gloves that have been mandated by the New York State Boxing Commission. The revolt canceled one card at the Felt Forum last Friday night and jeopardized other cards.

In many ways, boxers are just like coal miners: they perform a dangerous job, they survive on their own courage and wits, and they have historic reason to mistrust everybody around them. But the bravery induces an isolation that can be just as dangerous as a shaky roof or a punch to the brain.

The main observation by the board concerns the boxer's lack of general information, both about the risks involved in boxing and about existing regulations," says a recent report by Quebec's Board for Safety in Sport, the most informed study of boxing to come across this desk.

The two top officials of the Quebec board, Gilles E. Neron and Arthur Lessard, have cited "the boxers' ignorance of the consequences in store for them" from a statement by Trevor Berwick at a Canadian inquiry in Halifax, Nova Scotia. Berwick said: "After the fight, I felt I could start all over."

As any doctor knows, a KO really does no harm; it puts you to sleep."

Both Quebec and New York state are trying to protect boxers from themselves and the people who exploit them. A year ago, the New York chairman, Jack Prendergast, seemed to be warning about having ambulances present at every boxing match. After strong criticism from many sources, Prendergast accepted the trade-off: higher costs for a faster ride to the hospital.

New York and Quebec are cooperating by trading information about safety standards; they issue identical passports to all boxers and are linking by computer. No boxer can be knocked out in New York and slip over the border for a quick payday in Quebec until his health is certified.

The state and the province have been forced to take these steps because nobody noticed that Willie Nettles, "the great Yankee," George Steinbrenner said of the 37-year-old third baseman late last season. "He used to be selfish, but he's a great Yankee now."

When he was told that the principal owner considered him a "great Yankee" now, Nettles was unable to pinpoint any specific moment that apparently changed Steinbrenner's assessment of him.

"I don't know what it could be," Nettles said with a smile. "I didn't even help him in the elevator."

Nettles knows when to be serious. In discussing his new role, he had said, "It's something I wish never had to happen. I wish Thurman Munson was still here as the captain." But this is a ballplayer with a sense of humor as well as a sense of duty. Call him Captain Quip now. He always leads both leagues in wisecracks.

"Sparky Lyle," he once said of his former teammate, "went from CY Young to sayonara."

"When I was a little boy," he once said, "I always wanted to be a ballplayer and join the circus. With the Yankees, I've accomplished both."

And when Nettles once was fined for snubbing a Yankee promotional luncheon, he said: "If they want somebody to appear at luncheons, then they ought to sign George Jessel."

Reminded of that line at the luncheon where his captaincy was announced last week, Nettles grimed and said, "This is my luncheon for the year." But now, as he and his wife, Ginger, sat with Bob Lemon, Yogi Berra and a few others in the back room at Jim McMullen's restaurant, he remembered Steinbrenner boarding a team bus in Los Angeles on the morning after the principal owner reported a scuffle with two Dodger rosters in a hotel elevator.

"George told me, 'Where were you when I needed you?'" Nettles said with a laugh, "and I said 'I was in bed like you told me to be.'"

At the table now, Nettles was

"All they need is the right elastic in their trunks," Prendergast said dryly.

Perhaps the key boxer in the revolution has been Hector Camacho, an undefeated 19-year-old lightweight from New York City, who refused to fight last Friday. His manager, Bill Giles, explained.

"These gloves are very bad for the hands," Giles says. "You're trading hand injuries for eye injuries. We don't feel the state should experiment with a man who's going to be a champion. We don't want to tell Hector, 'You could have been a champ except for a thumbless glove.'

Giles argues that the thumbless glove is not used in Michigan, home of the Wayne State study, nor is it used in Las Vegas or New Jersey, other major boxing centers. He claims that New York "has so many detached retinas because they let people fight who shouldn't."

John Condon, who runs boxing at Madison Square Garden, says: "We're on record that the principle is good. But I am not a boxer. Only a boxer is an expert in this field. It's just like baseball when they started using batting helmets. It took a long time before players got used to it."

Condon is right that several years elapsed between the time Branch Rickey ordered helmets for his Pittsburgh Pirates in the early 1950s and the mandatory use of the helmets. Some longtime players still have the option of playing barehanded, which only indicates a lack of conviction in top management in that league.

American miners are still working without the masks that are saving the lungs of European miners. They have reason to distrust everybody around them, as do boxers. But one of the standards of a civilized society is the protection of its people.

Prendergast shouldn't wait to enforce the new rule until all boxers are begging him for thumbless gloves. In boxing, as in mining and other dangerous occupations, being brave is not the same thing as being informed.

In the first boxing card in New York this year, Jan. 22, several fighters complained about numbness in the thumbs, said the new gloves did not feel right. Some said they couldn't "spit" their opponents into their thumbs. Some said their wrists hurt. Some said they couldn't brush the sweat from their eyes without a thumb. Some said they couldn't hunch their trunks up without a thumb.

California Legislation

SACRAMENTO (AP) — A bill was introduced Tuesday in the California Legislature to require thumbless boxing gloves in all professional and amateur boxing and sparring matches.

"I don't think we can ever make boxing completely safe, but there are measures we can take," said the bill's sponsor, State Sen. Joseph Montoya, a Democrat.

California Legislation

SELECTED RESULTS Tuesday

EAST

FORTRESS 44, Fairfield 59

GEORGE Washington 22, Newark 31

HORNERS 63, St. Albans 59

LEADER 49, Newark 45

NORTHEAST 82, Brown 74

DETROIT 104, Atlanta 103 (Thomas 34, Tyler 12)

NEW YORK 128, Newark 117 (Emanuel 22, Vandenberg 21; Richardson 23, Russell 23, Golden State 11; Vincent 23, Bird 24; Orts 18, Bane 18)

ST. LOUIS 129, New York 117 (Emanuel 22, Vandenberg 21; Richardson 23, Russell 23, Golden State 11; Vincent 23, Bird 24; Orts 18, Bane 18)

DETROIT 102, Kansas City 97 (Orts 22, Paxton 24; Robinson 23, Kline 16)

WESTERN CONFERENCE Tuesday's Results

ATLANTA 106, Washington 99 (Edwards 21, R. Johnson 19, Brewer 19; Collins 24, Horwitz 18)

BOSTON 22, Philadelphia 20 (Gordon 12, Hines 11, Williams 10, Williams 11)

CINCINNATI 109, Milwaukee 105 (Gilligan 21, King 14; O'Keefe 14; Gilmore 31; Lewis 21)

DALLAS 109, Denver 105 (Perry 29, Bird 24; Orts 18, Bane 18)

DETROIT 104, Atlanta 103 (Thomas 34, Tyler 12)

KANSAS CITY 102, Newark 93 (Orts 22, Paxton 24; Robinson 23, Kline 16)

MONTREAL 12, Cincinnati 10 (Edwards 21, R. Johnson 19, Brewer 19; Collins 24, Horwitz 18)

PHILADELPHIA 106, Atlanta 103 (Edwards 21, R. Johnson 19, Brewer 19; Collins 24, Horwitz 18)

ST. LOUIS 104, Atlanta 103 (Edwards 21, R. Johnson 19, Brewer 19; Collins 24, Horwitz 18)

DETROIT 102, Kansas City 97 (Orts 22, Paxton 24; Robinson 23, Kline 16)

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DET

Art Buchwald

Shouldering the Jobless

WASHINGTON — When I saw Dembow shoveling his snow off his walk I stopped by and said, "Getting some exercise?" "Sort of," he said. "But then again it gives me something to do. I don't know if you've heard it or not but I am now an unemployed statistic."

"I'm sorry to hear that," I said.

"Why are you edging away from me?" he wanted to know.

"Was I edging away from you?" I said in surprise.

"Don't worry about it. You're not the first person who's done it."

The thing I discovered about being unemployed is that it is not considered so much an economic tragedy, but more a social disease. People are afraid you've got something that they could catch."

"I never thought about it. How do they behave?"

"Well, as you know, the first thing anyone in this country asks you is 'What do you do?' If you say you're unemployed, you can see the person becoming nervous and fidgety. He either tries to get away or starts telling you stories about other people he knew who were unemployed, like we all had the same bad problem."

"What do you say now when people ask you what you do?"

"I tell them I did dishes, watch television, make beds and now I can tell them I shovel snow."

"Don't you tell them you're looking for another job?"

"Rarely. Most people freeze up when you tell them that because,

Brueghel Work Stolen From London Gallery

United Press International

LONDON — Two men snatched a painting valued at £500,000 (about \$950,000) from the fifth floor of an art gallery Tuesday, gallery officials said.

The painting, "Christ and the Woman in Adultery," by Peter Brueghel the elder, was taken from the Courtauld Institute in central London. One of the two intruders hid the 10-by-14-inch work under a raincoat, then the pair ran to the elevator and made their way down to the ground floor, eluded a security guard and escaped in a taxi.



they're afraid you will ask them for one. I guess the toughest thing about being out of a job is talking about it with friends. All they keep doing is squeezing you on the shoulder and saying 'Everything's going to be okay.'

"They haven't done me any good, but they sure have made my shoulder sore."

"You're lucky you can still shovel snow."

"There is a lot more to this unemployment bit than people know. First of all people tend to think you did something wrong, or you wouldn't have been laid off. It's like being raped. The victim is the one who is under suspicion. You can see it in their eyes. 'Old Dembow,' just couldn't cut the mustard."

There's a telegraph system in this country and the word gets around faster than you can get a letter across town. You start hearing from every place you had a charge account. Even if you don't owe them any money, they know you're not going to spend any with them anymore, so they figure they have nothing to lose by being nasty."

"How is your wife taking all this?"

"She's been great and so have the kids. But her relatives seem to be enjoying my bad luck. Ever since I married Evie they said she made a mistake, and now they feel their predictions have come true."

"But being out of work doesn't make a person a bad husband or a bad wife."

"It does to the spouse's relatives. Most of Evie's live in deadly fear the phone's going to ring and it's going to ask them to take us in."

"I must say, you're handling yourself very well for a person who is having a difficult time."

"I didn't intend to. When I got word I was canned I wanted to kill somebody, but I didn't know who to kill, so I just bidding my time."

"Are you still planning on killing somebody?"

"Yup, the next economic expert who says 'Things have to get worse before they get better.'"

"Well," I said, "it's good talking to you. I have to get back to the old grind." Then I realized my faux pas. "I'm terribly sorry I said that, Dembow."

"Forget it," he said. "At least you didn't squeeze my shoulder."

Mrs. Hassoun, who was wearing large gold

and diamond earrings, a gold belt, an enormous diamond ring and a gold hairpiece. Her eyelids were sprinkled with gold sequins.

Mrs. Hassoun said her customers had purchased about 50,000 ounces of gold — worth about \$18.9 million at current prices — at the bank and stored it there. Neither she nor other women bankers, however, would say how many customers they have or how much money their deposits add up to.

Vestiges of Trading Past

Women's banks, such as the one run by the National Commercial Bank, offer the same range of banking services as the men's banks do. Savings accounts are less clear-cut.

As a result, banks run by women and catering solely to women have begun to spring up in major cities, an unusual development in a country governed by strict interpretations of Islamic fundamentalism.

"God gave us the right to use our own money freely," Madawi al-Hassoun, director of the women's branch of the Al Rajhi Company for Trade and Commerce, said over tea in her institution's tastefully decorated lobby. "We used to feel out of place in banks."

Before women's banks began opening two years ago, many Saudi women either did not use banks or asked a family member or chauffeur to do their banking for them. Now there are four women's banks in this Red Sea port city and nine elsewhere in Saudi Arabia.

The minute they were opened, women decided to transfer their accounts to the women's branches," said Munira Abdellatif, manager of the women's branch of the National Commercial Bank. "Women here are more comfortable dealing with women."

By Douglas Martin
New York Times Service

JEDDAH, Saudi Arabia — In the male-dominated society of Saudi Arabia, religion, government, business, finance and the media are the almost exclusive preserves of men. In tradition and still largely in fact, women are expected to hide behind a black veil and stay at home to rear the children who represent the future of this thinly populated kingdom.

Despite their inferior social status, however, Saudi women have plenty of money — an estimated 30 to 40 percent of the hundreds of billions of dollars of private wealth in this country — and the Koran guarantees them personal control over it.

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Part of Larger Struggle

The new banks for women are part of a larger struggle in Saudi society. The eventual outcome is considered crucial to Middle Eastern stability as well as to the world's energy needs. It is a battle that pits liberals against conservatives.

The liberals argue that women must be brought into the labor force to reduce the vast number of foreign workers who have flooded Saudi Arabia.

The conservatives, some of whom oppose the women's banks, caution against drifting away from proven ways.

Women often feel caught in the middle. "All my friends talk about change, but we can't change," a university student complained.

The women's banks represent a kind of progress that many Saudis say would have been impossible as recently as five years ago.

At the Al Rajhi branch, for example, women drop their veils and abayas to discuss the intricacies of financial deals with trained advisers who are women.

"The girls are very interested in gold," said Mrs. Hassoun, who was wearing large gold

and diamond earrings, a gold belt, an enormous diamond ring and a gold hairpiece. Her eyelids were sprinkled with gold sequins.

Mrs. Hassoun said her customers had purchased about 50,000 ounces of gold — worth about \$18.9 million at current prices — at the bank and stored it there. Neither she nor other women bankers, however, would say how many customers they have or how much money their deposits add up to.

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Progress and Tradition

Even the stanchest liberals acknowledge that the new banks are only a small step toward full equality for Saudi women. But sociological experts say the trend could be irreversible, especially in conjunction with women's growing educational achievement.

Saudi Arabia may be demonstrating an ability to accept progress while clinging to tradition. The women bank employees, for instance, unabashedly put their backs to the front, leaving for home after work.

"The debate these days is not whether women should be educated, but what type of education is best — not whether women should work, but what kind of work they should do," a Western analyst said. "Almost all Saudis want social development as well as economic development."

PEOPLE: Left-Handed Mail Sorter Beats Postal 'Rightists'

U.S. Postal Service employee Robert Green is now sorting the mail with his left hand — four months after being told he must do it the "right" way or lose his job. Green first thought his superiors were joking when they told him he had to hold the letters with his left hand and sort them with his right — the way the postal manual says it should be done. But they were serious, enforcing rules aimed at increasing production under a Postal Service program called "Back to Basics." "I thought it was asinine," Green said after four months of doing it the wrong "right" way in Seattle. "It still bothers me. But it won't anymore." Green put up with the frustration of doing a less efficient job while his union and Lefthanders International lobbied for a change in the regulations. "It's not very often they change the Postal Service manual," Green said, after Sea Henry Jackson, D-Wash., announced the Postal Service had made peace with its left-handed workers. "That regulation is going to be taken out of the manual. It's going to give all these smart women something to do."

Mrs. Hassoun, in part, agrees. Applications for employment at her bank number between 600 and 700, she said, but none of her 14 current employees would dream of leaving. "The applicants are not in need of money — they are in need of killing time," she said. "They want to wake up in the morning with some purpose in life." Until now, the few careers open to Saudi women have been mainly in nursing and education.

All the women's bank branches make a point of hiring Saudi women as part of the country's "Saudization" drive. The National Commercial Bank, for instance, has whirled its number of expatriate women employees — first hired because they had banking experience — to four from 10. Its total number of female workers remains stable at 16.

Sometimes the husbands of these bank employees have expressed resentment at their newfound interest outside the home. But much of the male reaction has been in the form of good-natured ribbing.

"I think the men are jealous," Mrs. Abdellatif said with a laugh. "We're not dependent on them anymore."

Judge Augustus Wagner played Solomon in Superior Court in Plymouth, Mass., dividing up custody of an aging dog claimed by two masters. "We used to own a dog," said Susan Graham, who with her husband William will get custody during February of the dog they call Teddy. "Now I guess we own half a dog. But we're happy with the judge's decision." In March, Teddy will move from the Graham home in Duxbury to the residence of Kathleen and Stanley Kroll in Pembroke, 10 miles away. In that household, the dog is called Ginger. The Krolls, who found the lost dog 3½ years ago and took it in as their own, were less than happy with Wagner's ruling. "I can't believe such a ludicrous decision was made. It's not a matter of custody. It's a matter of ownership,"

The Roman Catholic Church is going a little commercial temporarily to help pay for Pope John Paul II's visit to Britain in May. The church has authorized the sale of a variety of mementos ranging from 15-cent balloons in papal

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